

## HOUSING AND URBAN DEVELOPMENT ACT OF 1970

DECEMBER 17, 1970—Ordered to be printed

Mr. PATMAN, from the committee of conference,  
submitted the following

### CONFERENCE REPORT

[To accompany H.R. 19436]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 19436) to provide for the establishment of a national urban growth policy, to encourage and support the proper growth and development of our States, metropolitan areas, cities, counties, and towns with emphasis upon new community and inner city development, to extend and amend laws relating to housing and urban development, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Housing and Urban Development Act of 1970"*.

### TITLE I—MORTGAGE CREDIT

#### EXTENSION OF PROGRAMS

*SEC. 101. (a) Section 2(a) of the National Housing Act is amended by striking out "January 1, 1971" in the first sentence and inserting in lieu thereof "October 1, 1972".*

*(b) Section 217 of such Act is amended by striking out "January 1, 1971" and inserting in lieu thereof "October 1, 1972".*

*(c) Section 221(f) of such Act is amended by striking out "January 1, 1971" in the fifth sentence and inserting in lieu thereof "October 1, 1972".*

*(d) Section 235(m) of such Act is amended by striking out "October 1, 1971" and inserting in lieu thereof "October 1, 1972".*

(1)

(e) Section 236(n) of such Act is amended by striking out "October 1, 1971" and inserting in lieu thereof "October 1, 1972".

(f) Section 809(f) of such Act is amended by striking out "January 1, 1971" in the fifth sentence and inserting in lieu thereof "October 1, 1972".

(g) Section 810(k) of such Act is amended by striking out "January 1, 1971" in the second sentence and inserting in lieu thereof "October 1, 1972".

(h) Section 1002(a) of such Act is amended by striking out "January 1, 1971" in the second sentence and inserting in lieu thereof "October 1, 1972".

(i) Section 1101(a) of such Act is amended by striking out "January 1, 1971" in the second sentence and inserting in lieu thereof "October 1, 1972".

#### AUTHORIZATION FOR ASSISTANCE PAYMENTS UNDER SECTIONS 235 AND 236

*SEC. 102.* (a) The second sentence of section 235(h)(1) of the National Housing Act is amended—

(1) by inserting "outstanding" before "contracts" the first place the term appears; and

(2) by striking out "by \$125,000,000 on July 1, 1970, and by \$170,000,000 on July 1, 1971" and inserting in lieu thereof "by \$150,000,000 on July 1, 1970, and by \$200,000,000 on July 1, 1971".

(b) The second sentence of section 236(i)(1) of such Act is amended—

(1) by inserting "outstanding" before "contracts" the first place the term appears; and

(2) by striking out "by \$125,000,000 on July 1, 1970, and by \$170,000,000 on July 1, 1971" and inserting in lieu thereof "by \$150,000,000 on July 1, 1970, and by \$200,000,000 on July 1, 1971".

#### RENT SUPPLEMENT PAYMENTS

*SEC. 103.* Section 101(a) of the Housing and Urban Development Act of 1965 is amended by striking out "and by \$100,000,000 on July 1, 1970" and inserting in lieu thereof "by \$100,000,000 on July 1, 1970, and by \$40,000,000 on July 1, 1971".

#### COMPENSATION FOR DEFECTS IN SECTION 235 EXISTING HOUSING

*SEC. 104.* Section 518 of the National Housing Act is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) a new subsection as follows:

"(b) The Secretary is authorized to make expenditures to correct, or to compensate the owner for, structural or other defects which seriously affect the use and livability of any single-family dwelling which is covered by a mortgage insured under section 235 of this Act and is more than one year old on the date of the issuance of the insurance commitment, if (1) the owner requests assistance from the Secretary not later than one year after the insurance of the mortgage, or, in

*the case of a dwelling covered by a mortgage which was insured prior to the date of enactment of this subsection, and (2) the defect is one that existed on the date of the issuance of the insurance commitment and is one that a proper inspection could reasonably be expected to disclose. The Secretary may require from the seller of any such dwelling an agreement to reimburse him for any payments made pursuant to this subsection with respect to such dwelling.*

#### USE OF EXISTING HOUSING UNDER SECTION 235 PROGRAM

*SEC. 105. Section 235(h) of the National Housing Act is amended—*

- (1) by striking out "July 1, 1971" in subparagraph (B) of paragraph (3) and inserting in lieu thereof "July 1, 1972"; and*
- (2) by adding at the end thereof the following new paragraph:*
- "(4) At least 10 per centum of the total amount of contracts for assistance payments authorized by appropriation Acts to be made after June 30, 1971, shall be available for use only with respect to dwellings, or dwelling units in projects, which are approved by the Secretary prior to substantial rehabilitation."*

#### MORTGAGE INSURANCE UNDER SECTION 235(I) FOR REHABILITATION OF DUPLEXES

*SEC. 106. Section 235(i)(3)(A) of the National Housing Act is amended by striking out "if the dwelling is purchased with the assistance of a nonprofit organization and is" and inserting in lieu thereof "and which is".*

#### ASSISTANCE UNDER SECTION 235 PROGRAM FOR COOPERATIVE PROJECTS FINANCED UNDER CERTAIN STATE OR LOCAL PROGRAMS

*SEC. 107. Section 235(b)(2) of the National Housing Act is amended by inserting "(A)" after "the cooperative association of which the family is a member shall operate", and by inserting before the period at the end thereof the following: "; or (B) a housing project which is financed under a State or local program providing assistance through loans, loan insurance, or tax abatements, and which prior to completion of construction or rehabilitation is approved for receiving the benefits of this section".*

#### INCLUSION OF CERTAIN COSTS IN SECTION 236 PROJECTS

*SEC. 108. Section 236(b) of the National Housing Act is amended by adding at the end thereof the following new sentence: "The term 'mortgage insurance premium', when used in this section in relation to a project financed by a loan under a State or local program, means such fees and charges, approved by the Secretary, as are payable by the mortgagor to the State or local agency mortgagee to meet reserve requirements and administrative expenses of such agency."*

#### MAXIMUM AMOUNT OF FHA-INSURED HOSPITAL MORTGAGE

*SEC. 109. Section 242(d)(2) of the National Housing Act is amended by striking out "\$25,000,000" and inserting in lieu thereof "\$50,000,000".*

## MORTGAGE INSURANCE FOR PROPRIETARY HOSPITALS

SEC. 110. (a) Section 242(b) (1) (C) of the National Housing Act is amended to read as follows:

“(C) which is a proprietary facility, or facility of a private nonprofit corporation or association, licensed or regulated by the State (or, if there is no State law providing for such licensing or regulation by the State, by the municipality or other political subdivision in which the facility is located); and”.

(b) The heading of section 242 of such Act is amended by striking out “NONPROFIT”

(c) The sixth sentence of section 212(a) of such Act is amended by striking out “or association” and inserting in lieu thereof “, association, or other organization”.

## FHA SUPPLEMENTAL LOANS FOR MULTIFAMILY PROJECTS

SEC. 111. Section 241 of the National Housing Act is amended—

(1) by inserting “or covered by a mortgage held by the Secretary” immediately after “this Act” in the first sentence of subsection (a);

(2) by striking out the proviso in subsection (a) and inserting in lieu thereof the following: “: Provided, That a loan involving a nursing home or a group practice facility may also be made for the purpose of financing equipment to be used in the operation of such nursing home or facility”;

(3) by inserting “or an amount acceptable to the Secretary” before the semicolon at the end of subsection (b) (1); and

(4) by inserting “or pursuant to which the original mortgage covering the project or facility was insured” before “; and” at the end of subsection (b) (5).

## MORTGAGES FOR CIVILIAN PERSONNEL AT MILITARY INSTALLATIONS

SEC. 112. Section 809(b) of the National Housing Act is amended by inserting before the period at the end of the second sentence the following: “: Provided, That the Secretary shall relieve the Secretary of Defense from any obligation to guarantee the General Insurance Fund from loss with respect to a mortgage assumed by a person ineligible to receive a certificate under subsection (a), if the original mortgagor is issued another certificate with respect to a mortgage insured under this section on property which the Secretary determines is not an acceptable risk”.

## MOBILE HOME LOANS UNDER TITLE I

*SEC. 113. Section 2(b) of the National Housing Act is amended—*

*(1) by inserting in clause (1) after “\$10,000” the following: “(\$15,000 in the case of a mobile home composed of two or more modules)”;* and

*(2) by inserting in the proviso of clause (2) after “days” the following: “(fifteen years and thirty-two days in the case of a mobile home composed of two or more modules)”.*

USE OF CERTAIN HOUSING FACILITIES UNDER SECTION 221 AND  
SECTION 236 FOR CLASSROOM PURPOSES

*SEC. 114. (a) Section 221(f) of the National Housing Act is amended by adding at the end of the second paragraph the following new sentence: “In any case in which it is determined in accordance with regulations of the Secretary that facilities in existence or under construction on the date of enactment of the Housing and Urban Development Act of 1970 which could appropriately be used for classroom purposes are available in any such property or project and that public schools in the community are overcrowded due in part to the attendance at such schools of residents of the property or project, such facilities may be used for such purposes to the extent permitted in such regulations (without being subject to any of the requirements of the proviso in section 220(d)(3)(B)(iv) except the requirement that the project be predominantly residential)”.*

*(b) Section 236(j)(5) of such Act is amended by adding at the end thereof (after and below subparagraph (C)) the following new sentence:*

*“In any case in which it is determined in accordance with regulations of the Secretary that facilities in existence or under construction on the date of enactment of the Housing and Urban Development Act of 1970 which could appropriately be used for classroom purposes are available in any such property or project and that public schools in the community are overcrowded due in part to the attendance at such schools or residents of the property or project, such facilities may be used for such purposes to the extent permitted in such regulations (without being subject to any of the requirements of the first proviso in subparagraph (A) except the requirement that the project be predominantly residential).”*

CONGREGATE HOUSING FOR THE DISPLACED, ELDERLY, AND HANDICAPPED

SEC. 114. (a) (1) Section 221(f) of the National Housing Act is amended by inserting before the period at the end of the first sentence of the second paragraph of the following “: Provided, That such units, in the case of a project designed primarily for occupancy by displaced, elderly, or handicapped families, need not, with the approval of the Secretary, contain kitchen facilities, and such projects may include central dining and other shared facilities.”

(2) Section 221(f) of such Act is further amended—

(A) by inserting “or who is a displaced person,” immediately after “Housing Act of 1959,” in the fifth sentence of the second paragraph; and

(B) by striking out “the terms ‘displaced family’ and ‘displaced families’ shall mean a family or families” in the third paragraph and inserting in lieu thereof “the terms ‘displaced family’, ‘displaced families’, and ‘displaced person’ shall mean a family or families, or a person.”

(b) (1) Section 236(j) (5) (B) of such Act is amended by inserting immediately after “units” the following: “, but such units, in the case of a project designed primarily for occupancy by displaced, elderly, or handicapped families, need not, with the approval of the Secretary, contain kitchen facilities”.

(2) Section 236(i) of such Act is amended by adding at the end thereof the following new paragraph:

“(3) Not more than 10 per centum of the total amount of interest reduction payments authorized to be contracted to be made pursuant to appropriation Acts as provided in paragraph (1) after the date of the enactment of the Housing and Urban Development Act of 1970 shall be contracted to be made with respect to projects in which all or part of the dwelling units do not contain kitchen facilities.”

(c) Section 101(b) of the Housing and Urban Development Act of 1965 is amended by adding at the end thereof the following new sentence: “Nothing in this section shall be construed as preventing payments to a housing owner with respect to projects in which all or part of the dwelling units do not contain kitchen facilities; but of the total amount of contracts to make annual payments approved in appropriation Acts pursuant to subsection (a) after the date of the enactment of the Housing and Urban Development Act of 1970, not more than 10 per centum in the aggregate shall be made with respect to such projects.”

FHA REHABILITATION STANDARDS FOR HOUSING IN URBAN  
RENEWAL AREAS

SEC. 116. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

“FHA REHABILITATION STANDARDS FOR HOUSING IN URBAN  
RENEWAL AREAS

“SEC. 524. In determining whether properties should be approved by the Secretary prior to rehabilitation and covered by mortgages insured under title II of this Act, the Secretary shall apply uniform

property standards as between properties located outside urban renewal areas and those located within urban renewal areas."

#### INVESTMENT OF FHA RESERVE FUNDS

SEC. 117. (a) Section 206 of the National Housing Act is amended by inserting before the period at the end of the first sentence the following: "or any agency of the United States: Provided, That such moneys shall to the maximum extent feasible be invested in such bonds or other obligations the proceeds of which will be used to directly support the residential mortgage market".

(b) Section 213(a) of such Act is amended by inserting before the period at the end of the second sentence the following: "or any agency of the United States: Provided, That such moneys shall to the maximum extent feasible be invested in such bonds or other obligations the proceeds of which will be used to directly support the residential mortgage market".

(c) Section 236(g) of such Act is amended by inserting before the period at the end of the third sentence the following: "or any agency of the United States: Provided, That such moneys shall to the maximum extent feasible be invested in such bonds or other obligations the proceeds of which will be used to directly support the residential mortgage market".

(d) Section 238(b) of such Act is amended by inserting before the period at the end of the sixth sentence the following: "or any agency of the United States: Provided, That such moneys shall to the maximum extent feasible be invested in such bonds or other obligations the proceeds of which will be used to directly support the residential mortgage market".

(e) Section 519(c) of such Act is amended by inserting before the period at the end of the first sentence the following: "or any agency of the United States: Provided, That such moneys shall to the maximum extent feasible be invested in such bonds or other obligations the proceeds of which will be used to directly support the residential mortgage market".

#### ASSISTANCE UNDER SECTION 236 AND RENT SUPPLEMENT PROGRAMS FOR EXISTING PROJECTS FINANCED UNDER CERTAIN STATE OR LOCAL PROGRAMS

SEC. 118. (a) Section 236(b) of the National Housing Act is amended by striking out "which prior to completion of construction or rehabilitation is approved for receiving the benefits of this section" and inserting in lieu thereof the following: "which may involve either new or existing construction and which is approved for receiving the benefits of this section".

(b) The second sentence of section 101(b) of the Housing and Urban Development Act of 1965 is amended by striking out "which prior to completion of construction or rehabilitation is approved for receiving the benefits of this section" and inserting in lieu thereof the following: "which may involve either new or existing construction and which is approved for receiving the benefits of this section".

## LAND DEVELOPMENT PLANNING

*SEC. 119. Section 1003(b)(3) of the National Housing Act is amended by inserting before the period at the end thereof the following: “; except that, in the case of land development covered by a mortgage with respect to which an insurance commitment is issued under this title before the expiration of one year after the date of enactment of the Housing and Urban Development Act of 1970, the requirement of this paragraph shall be applicable only if there is actually in existence on the date the commitment is issued a comprehensive plan which covers, or comprehensive planning being carried on for, the area in which the land is situated”.*

## OCCUPANCY PREFERENCE IN FHA RENTAL HOUSING FOR MILITARY PERSONNEL

*SEC. 120. (a) Section 101(c)(2) of the Housing and Urban Development Act of 1965 is amended by (1) striking out the word “or” between paragraphs (D) and (E), (2) striking out the period at the end of paragraph (E) and inserting in lieu thereof “; or”, and (3) adding after paragraph (E) the following:*

*“(F) a family whose head, or spouse, is a member of the Armed Forces of the United States who is serving on active duty.”*

*(b) Paragraph (B) of section 101(e)(1) of such Act is amended by striking out the period and inserting in lieu thereof the following: “or is a member of the Armed Forces of the United States serving on active duty.”*

*(c) Section 7 of the Department of Housing and Urban Development Act (as amended by section 905 of this Act) is amended by adding at the end thereof the following new subsection:*

*“(m) Whenever he shall determine that, because of location or other considerations, any rental housing project assisted under title II of the National Housing Act or title I of the Housing and Urban Development Act of 1965 could ordinarily be expected substantially to serve the family housing needs of lower income military personnel serving on active duty, the Secretary is authorized to provide for or approve such preference or priority of occupancy of such project by such military personnel as he shall determine is appropriate to assure that the project will serve their needs on a continuing basis not withstanding the frequency with which individual members of such personnel may be transferred or reassigned to new duty stations.”*

## STATE FUNDING OF SECTION 236 INTEREST REDUCTION PAYMENTS

*SEC. 121. (a) Section 236 of the National Housing Act is amended by adding at the end thereof the following new subsection:*

*“(n) The Secretary is authorized to enter into agreements with any State or agency thereof under which such State or agency thereof contracts to make interest reduction payments, subject to all the terms and conditions specified in this section and in rules, regulations and procedures adopted by the Secretary under this section, with respect to all or a part of a project covered by a mortgage insured under this section. Any funds provided by a State or agency thereof for the purpose of making interest reduction payments shall be administered,*

*disbursed and accounted for by the Secretary in accordance with the agreements entered into by the Secretary with the State or agency thereof and for such fees as shall be specified therein. Before entering into any agreements pursuant to this subsection the Secretary shall require assurances satisfactory to him that the State or agency thereof is able to provide sufficient funds for the making of interest reduction payments for the full period specified in the interest reduction contract."*

*(b) The first sentence of section 236(i) (1) of such Act is amended by inserting "by the Secretary" immediately following "entered into".*

## TITLE II—URBAN RENEWAL AND HOUSING ASSISTANCE PROGRAMS

### URBAN RENEWAL GRANT AUTHORITY

*SEC. 201. Section 103(b) of the Housing Act of 1949 is amended—*

*(1) by striking out "and by \$1,700,000,000 on July 1, 1970" in the first sentence and inserting in lieu thereof "by \$1,700,000,000 on July 1, 1970, and by \$1,500,000,000 on July 1, 1971"; and*

*(2) by striking out "beginning July 1, 1969, and July 1, 1970" in the second sentence and inserting in lieu thereof "commencing after June 30, 1969 and ending prior to July 1, 1974".*

### PUBLIC HOUSING ANNUAL CONTRIBUTIONS

*SEC. 202. The first sentence of section 10(e) of the United States Housing Act of 1937 is amended by striking out "and \$170,000,000 on July 1, 1970" and inserting in lieu thereof "\$320,000,000 on July 1, 1970, and \$225,000,000 on July 1, 1971".*

### USE OF PUBLIC HOUSING CONTRACT AUTHORITY FOR LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

*SEC. 203. The first sentence of section 10(e) of the United States Housing Act of 1937 is amended by striking out "Provided further" and inserting in lieu thereof "Provided further, That at least 30 per centum of the total amount of contracts for annual contributions entered into in any fiscal year pursuant to the new authority granted under section 202 of the Housing and Urban Development Act of 1970 or under any law subsequently enacted shall be entered into with respect to units of low-rent housing in private accommodations provided under section 23: And provided further".*

### TERM AND RENEWAL OF CONTRACTS FOR LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

*SEC. 204. (a) (1) Section 23(a) (3) of the United States Housing Act of 1937 is amended by striking out "an existing" and inserting in lieu thereof "a".*

*(2) Section 10(c) of such Act is amended by striking out "existing" in the last proviso.*

*(b) The last sentence of section 23(d) of such Act is amended—*

*(1) by striking out "not less than twelve months nor more than sixty months" and inserting in lieu thereof "not less than twelve*

months nor more than one hundred and twenty months"; and  
 (2) by inserting before the period at the end thereof the following: " : Provided, That no renewal of such a contract shall result in a total term exceeding two hundred and forty months (or one hundred and eighty months in the case of an existing structure)".

#### AUTHORIZATION FOR COLLEGE HOUSING DEBT SERVICE GRANTS

SEC. 205. Section 401(f)(2) of the Housing Act of 1950 is amended by inserting before the period at the end thereof the following: ", and by \$12,000,000 on July 1, 1971".

#### EXPENSES IN CONNECTION WITH THE SALE OF SURPLUS FEDERAL LANDS TO LOCAL URBAN RENEWAL AGENCIES

SEC. 206. The last sentence of section 108 of the Housing Act of 1949 is amended by inserting "net" immediately before "proceeds".

#### CONGREGATE HOUSING FOR THE DISPLACED, ELDERLY, AND HANDICAPPED

SEC. 207. Section 15 of the United States Housing Act of 1937 is amended by adding at the end thereof a new paragraph as follows:

"(12) The Secretary shall encourage public housing agencies, in providing housing predominantly for displaced elderly, or handicapped families, to design, develop, or otherwise acquire such housing to meet the special needs of the occupants and, wherever practicable, for use in whole or in part as congregate housing: Provided, That not more than 10 per centum of the total amount of contracts for annual contributions entered into in any fiscal year pursuant to the new authority granted under section 202 of the Housing and Urban Development Act of 1970 or under any law subsequently enacted shall be entered into with respect to units in congregate housing. As used in this paragraph the term 'congregate housing' means low-rent housing (A) in which some or all of the dwelling units do not have kitchen facilities, and (B) connected with which there is a central dining facility to provide wholesome and economical meals for elderly families under terms and conditions prescribed by the public housing agency to permit a generally self-supporting operation. Expenditures incurred by a public agency in the operation of a central dining facility in connection with congregate housing (other than the cost of providing food and service) shall be considered one of the costs of administration of the project."

#### PUBLIC HOUSING RENT REQUIREMENTS

SEC. 208. (a) Section 2(1) of the United States Housing Act of 1937 is amended by adding at the end of the second paragraph the following: "In defining income for purposes of applying the one-fourth of family income limitation set forth above, the Secretary shall consider income from all sources of each member of the family residing in the household who is at least eighteen years of age; except that (A) nonrecurring income, as determined by the Secretary, and the income of full-time students shall be excluded; (B) an amount equal to the sum of (i) \$300 for each dependent, (ii) \$300 for each second-

ary wage earner, (iii) 5 per centum of the family's gross income (10 per centum in the case of elderly families), and (iv) those medical expenses of the family properly considered extraordinary shall be deducted; and (C) the Secretary may allow further deductions in recognition of unusual circumstances."

(b) The income definition contained in the last sentence of the second paragraph of section 2(1) of the Housing Act of 1937, as added by subsection (a) of this section, shall be effective at the first annual reexamination of the tenant's income subsequent to March 24, 1971.

#### PUBLIC HOUSING COST LIMITS

SEC. 209. (a) The first sentence of section 15(5) of the United States Housing Act of 1937 is amended by striking out all that follows "based" and inserting in lieu thereof the following: "shall not exceed by more than 10 per centum the appropriate prototype cost for the area. Prototype costs shall be determined at least annually by the Secretary on the basis of his estimate of the construction and equipment costs of new dwelling units of various sizes and types in the area suitable for occupancy by persons assisted under this Act. The Secretary in determining the area's prototype costs shall take into account the extra durability required for economical maintenance of assisted housing, and the provision of amenities designed to guarantee safe and healthy family life and neighborhood environment. Further, in developing such prototypes, emphasis should be given to encouraging good design as an essential component of such housing and to producing housing which will be of such quality as to reflect the architectural standards of the neighborhood and community. The prototype costs for any area shall become effective upon the date of publication in the Federal Register."

(b) This section becomes effective on such date as the Secretary of Housing and Urban Development prescribes, but not later than one hundred and twenty days following the date of enactment of this Act.

#### AMENDMENT OF CONTRACTS TO ASSURE LOW-RENT CHARACTER OF PROJECTS

SEC. 210. The third sentence of section 10(a) of the United States Housing Act of 1937 is amended by striking out the period and inserting in lieu thereof the following: " : Provided further, That the Authority is authorized to amend or supersede annual contributions contracts to provide payments annually (within the limitations prescribed by this Act) which the Authority determines are required (1) to assure the low-rent character of the projects involved, and (2) to achieve and maintain adequate operating and maintenance services and reserve funds including payment of outstanding debts."

#### POLICY STATEMENT

SEC. 211. Section 1 of the United States Housing Act of 1937 is amended by adding at the end thereof the following: "It is the sense of the Congress that no person should be barred from serving on the board of directors or similar governing body of a local public housing agency because of his tenancy in a low-rent housing project."

## RELOCATION PAYMENTS

SEC. 212. (a) Section 114(b)(1) of the Housing Act of 1949 is amended by inserting before the semicolon the following: “: Provided further, That the Secretary may authorize payment to displaced business concerns of fixed amounts in lieu of their total certified actual moving expenses where he determines that it is impractical for a displaced business concern to calculate the amount of such expenses”.

(b) The last sentence of section 114(b) of such Act is amended by striking out “certified actual”.

## EARLY CLOSEOUT OF URBAN RENEWAL PROJECTS

SEC. 213. (a) Section 106(i) of the Housing Act of 1949 is amended to read as follows:

“(i) Upon determination of the Secretary that the local public agency does not expect to be able in the reasonably near future, due to circumstances beyond its control, to dispose of urban renewal project land acquired in accordance with the urban renewal plan and that all other project activities are completed except local grant-in-aid activities designated in the third proviso to section 110(d) under the conditions specified therein, and that a closeout of the urban renewal project pursuant to this subsection would be in the financial interest of the Federal Government, the urban renewal project may be deemed completed, net project cost may be computed, and the capital grant paid. To facilitate these actions, the Secretary may pay to the local public agency a grant, in addition to the capital grant otherwise payable, equal to one-third (or one-fourth in the case of projects funded on the three-fourths capital grant basis) of the estimated disposition proceeds of such land as accepted by the Secretary. No local grant-in-aid shall be required on account of this additional grant. The approval of the Secretary shall be obtained prior to the disposition of such land by the local public agency and net proceeds realized from the disposition of such land after project closeout shall be paid to the Secretary by the local public agency.”

(b) Section 110(f) of such Act is amended by striking out “or for subsequent disposition or retention as provided under section 106(i)”.

## RELEASE FROM CERTAIN PROJECT OBLIGATIONS

SEC. 214. Notwithstanding any other provision of this Act or title I of the Housing Act of 1949, as amended, the Secretary of Housing and Urban Development is authorized and directed to release the City of Stanton, Texas, and the Urban Renewal Agency of the City of Stanton, Texas, from the obligations of their agreement with the Department of Housing and Urban Development entered into in connection with the closeout of projects numbered Tex. R-45 and Tex. R-81 and to close out those projects, effective as of the original date of closeout, on the basis of the authority granted under section 213 of this Act.

## URBAN RENEWAL PROJECT IN MONROE, WISCONSIN

SEC. 215. Notwithstanding the date of commencement of construction of streets and highways in the tornado urban renewal area in

*Monroe, Wisconsin, local expenditures made in connection therewith shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the tornado urban renewal project (Wisconsin R-27) in accordance with the provisions of title I of the Housing Act of 1949.*

### TITLE III—MODEL CITIES AND METROPOLITAN DEVELOPMENT PROGRAMS

#### AUTHORIZATION FOR MODEL CITIES PROGRAM

*SEC. 301. (a) Section 111(b) of the Demonstration Cities and Metropolitan Development Act of 1966 is amended—*

*(1) by striking out "and" the third time it appears; and*

*(2) by inserting before the period at the end thereof the following: ", and not to exceed \$200,000,000 for the fiscal year ending June 30, 1972".*

*(b) Section 111(c) of such Act is amended by striking out "1971" and inserting in lieu thereof "1972".*

*(c) Section 111 of such Act is further amended by striking out "and administrative expenses" each place it appears.*

#### AUTHORIZATION FOR COMPREHENSIVE PLANNING GRANTS

*SEC. 302. The fifth sentence of section 701(b) of the Housing Act of 1954 is amended by striking out "and not to exceed \$390,000,000 prior to July 1, 1971" and inserting in lieu thereof "and not to exceed \$420,000,000 prior to July 1, 1972".*

#### NEW COMMUNITY LAND DEVELOPMENT

*SEC. 303. (a) Section 407(d) of the Housing and Urban Development Act of 1968 is amended by striking out "\$250,000,000" and inserting in lieu thereof "\$500,000,000".*

*(b) Section 412(d) of such Act is amended by striking out "July 1, 1971" and inserting in lieu thereof "July 1, 1974".*

*(c) Section 408 of such Act is amended—*

*(1) by striking out "qualified"; and*

*(2) by striking out all that follows "guaranteed obligation" and inserting in lieu thereof a period.*

#### COMMUNITY FACILITIES GRANTS

*SEC. 304. (a) Section 708(a) of the Housing and Urban Development Act of 1965 is amended by adding at the end thereof the following new sentence: "In addition, there is authorized to be appropriated for the fiscal year commencing July 1, 1971, not to exceed \$50,000,000 for grants under section 703."*

*(b) Section 708(b) of such Act is amended by striking out "1971" and inserting in lieu thereof "1972".*

#### EXTENSION OF URBAN INFORMATION AND TECHNICAL ASSISTANCE SERVICES AUTHORIZATION

*SEC. 305. Section 906 of the Demonstration Cities and Metropolitan Development Act of 1966 is amended by striking out "July 1, 1971" and inserting in lieu thereof "July 1, 1972".*

## TITLE IV—CONSOLIDATION OF OPEN-SPACE LAND PROGRAMS

*Sec. 401. Effective July 1, 1971, title VII of the Housing Act of 1961 is amended to read as follows:*

### “TITLE VII—OPEN-SPACE LAND

#### “FINDINGS AND PURPOSE

*“SEC. 701. (a) The Congress finds that the rapid expansion of the Nation’s urban areas and the rapid growth of population within such areas has resulted in severe problems of urban and suburban living for the preponderant majority of the Nation’s present and future population, including the lack of valuable open-space land for recreational and other purposes.*

*“(b) The Congress further finds that there is a need for the additional provision of parks and other open space in the built-up portions of urban areas especially in low income neighborhoods and communities and a need for greater and better coordinated State and local efforts to make available and improve open-space land throughout entire urban areas.*

*“(c) The Congress further finds that there is a need for timely action to preserve and restore areas, sites, and structures of historic or architectural value in order that these remaining evidences of our history and heritage shall not be lost or destroyed through the expansion and development of the Nation’s urban areas.*

*“(d) It is the purpose of this title to help curb urban sprawl and prevent the spread of urban blight and deterioration, to encourage more economic and desirable urban development, to assist in preserving areas and properties of historic or architectural value, and to help provide necessary recreational, conservation, and scenic areas by assisting State and local public bodies in taking prompt action to (1) provide, preserve, and develop open-space land in a manner consistent with the planned long-range development of the Nation’s urban areas, (2) acquire, improve, and restore areas, sites, and structures of historic or architectural value, and (3) develop and improve open space and other public urban land, in accordance with programs to encourage and coordinate local public and private efforts toward this end.*

#### “GRANTS FOR ACQUISITION AND FOR DEVELOPMENT OF OPEN-SPACE LAND

*“SEC. 702. (a) The Secretary is authorized to make grants to States and local public bodies to help finance (1) the acquisition of title to, or other interest in, open-space land in urban areas and (2) the development of open-space or other land in urban areas for open-space uses. The amount of any such grant shall not exceed 50 per centum of the eligible project cost, as approved by the Secretary, of such acquisition or development. Not more than 50 per centum of the non-Federal share of such eligible project cost may, to the extent authorized in regulations established by the Secretary, be made up by donations of land or materials.*

*“(b) No grants under this title shall be made to (1) defray ordinary*

*State or local governmental expenses, (2) help finance the acquisition by a public body of land located outside the urban area for which it exercises (or participates in the exercise of) responsibilities consistent with the purpose of this title, (3) acquire and clear developed land in built-up urban areas unless the local governing body determines that adequate open-space land cannot be effectively provided through the use of existing undeveloped land, or (4) provide assistance for historic and architectural preservation purposes, except for districts, sites, buildings, structures, and objects which the Secretary of the Interior determines meet the criteria used in establishing the National Register.*

*"(c) The Secretary may set such further terms and conditions for assistance under this title as he determines to be desirable.*

*"(d) The Secretary shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants under this title. To assist the Secretary in such review, the Secretary of the Interior shall furnish him (1) appropriate information on the status of national and statewide recreation and historic preservation planning as it affects the areas to be assisted with such grants, and (2) the current listing of any districts, sites, buildings, structures, and objects significant in American history, architecture, archeology, and culture which may be contained on a National Register maintained by the Secretary of the Interior pursuant to other provisions of law. The Secretary shall provide current information to the Secretary of the Interior from time to time on significant program developments.*

*"(e) The Secretary may provide such technical assistance to States and local public bodies as may be required to effectively carry out activities under this section.*

#### **"PLANNING REQUIREMENTS**

*"SEC. 703. The Secretary shall make grants under section 702 only if he finds that such assistance is needed for carrying out a unified or officially coordinated program, meeting criteria established by him, for the provision and development of open-space land which is a part of, or is consistent with, the comprehensively planned development of the urban area.*

#### **"CONVERSIONS TO OTHER USES**

*"SEC. 704. No open-space land for the acquisition of which a grant has been made under section 702 shall be converted to uses not originally approved by the Secretary without his prior approval. Prior approval will be granted only upon satisfactory compliance with regulations established by the Secretary. Such regulations shall require findings that (1) there is adequate assurance of the substitution of other open-space land of as nearly as feasible equivalent usefulness, location, and fair market value at the time of the conversion; (2) the conversion and substitution are needed for orderly growth and development; and (3) the proposed uses of the converted and substituted land are in accord with the then applicable comprehensive plan for the urban area, meeting criteria established by the Secretary.*

"CONVERSIONS OF LAND INVOLVING HISTORIC OR ARCHITECTURAL PURPOSES

"SEC. 705. *No open-space land involving historic or architectural purposes for which assistance has been granted under this title shall be converted to use for any other purpose without the prior approval of the Secretary of the Interior.*

"ACQUISITION OF INTERESTS TO GUIDE URBAN DEVELOPMENT

"SEC. 706. *In order to encourage the acquisition of interests in undeveloped or predominantly undeveloped land which, if withheld from commercial, industrial, and residential development, would have special significance in helping to shape economic and desirable patterns of urban growth (including growth outside of existing urban areas which is directly related to the development of new communities or the expansion and revitalization of existing communities), the Secretary may make grants to State and local public bodies for the acquisition of such interests in an amount not to exceed 75 per centum of the cost of such acquisition. In the case of any interests acquired pursuant to this section, the Secretary may approve the subsequent conversion or disposition of the land involved without regard to other requirements of this title but subject to such terms and conditions as he determines equitable and appropriate with respect to the control of future use and the application or sharing of the proceeds or value realized upon sale or disposition.*

"LABOR STANDARDS

"SEC. 707. (a) *The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Secretary shall not approve any such grant without first obtaining adequate assurance that these labor standards will be maintained upon the construction work.*

"(b) *The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).*

"AUTHORIZATION

"SEC. 708. *There are authorized to be appropriated for purposes of making grants under this title not to exceed \$560,000,000 prior to July 1, 1972. Any amounts appropriated under this section shall remain available until expended.*

"DEFINITIONS

"SEC. 709. *As used in this title—*

"(1) *The term 'open-space land' means any land located in an urban area which has value for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic, architectural, or scenic purposes.*

"(2) The term 'urban area' means any area which is urban in character, including those surrounding areas which, in the judgment of the Secretary, form an economic and socially related region, taking into consideration such factors as present and future population trends and patterns of urban growth, location of transportation facilities and systems, and distribution of industrial, commercial, residential, governmental, institutional, and other activities.

"(3) The term 'State' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the territories and possessions of the United States.

"(4) The term 'local public body' means any public body (including a political subdivision) created by or under the laws of a State or two or more States, or a combination of such bodies, and includes Indian tribes, bands, groups, and nations (including Alaska Indians, Aleuts, and Eskimos) of the United States.

"(5) The term 'open-space uses' means any use of open-space land for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic, architectural or scenic purposes."

## TITLE V—RESEARCH AND TECHNOLOGY

### RESEARCH AND DEMONSTRATIONS

SEC. 501. *The Secretary of Housing and Urban Development is authorized and directed to undertake such programs of research, studies, testing, and demonstration relating to the mission and programs of the Department as he determines to be necessary and appropriate. In order to carry out activities under this section there are authorized to be appropriated such sums as may be necessary. All funds so appropriated shall remain available until expended unless specifically limited.*

### GENERAL PROVISIONS

SEC. 502. (a) *The Secretary shall require, to the greatest extent feasible, the employment of new and improved technologies, methods, and materials in housing construction, rehabilitation, and maintenance under programs administered by him with a view to reducing costs, and shall encourage and promote the acceptance and application of such advanced technology, methods, and materials by all segments of the housing industry, communities, industries engaged in urban development activities, and the general public. To the extent feasible, in connection with the construction, major rehabilitation, or maintenance of any housing assisted under section 501, the Secretary shall assure that there is no restraint by contract, building code, zoning ordinance, or practice against the employment of new or improved technologies, techniques, materials, and methods or of preassembled products which may reduce the cost or improve the quality of such construction, rehabilitation, and maintenance, and therefore stimulate expanded production of housing, except where such restraint is necessary to insure safe and healthful working and living conditions.*

(b) *To encourage large-scale experimentation in the use of new technologies, methods, and materials, with a view toward the ultimate*

mass production of housing and related facilities, the Secretary shall wherever feasible conduct programs under section 501 in which qualified organizations, public and private, will submit plans for development and production of housing and related facilities using such new advances on Federal land which has been made available or acquired by the Secretary for the purpose of this subsection or on other land where (1) local building regulations permit such experimental construction, or (2) necessary variances from building regulations can be granted. The Secretary may utilize the funds and authority available to him under the provisions of section 501 to assist in the implementation of plans which he approves.

(c) Notwithstanding any other provision of law, the Secretary is authorized, in connection with projects under this title, to acquire, use and dispose of any land and other property required for the project as he deems necessary. Notwithstanding the provisions of the Federal Property and Administrative Services Act of 1949, any land which is excess property within the meaning of such Act and which is determined by the Secretary to be suitable in furtherance of the purposes of subsection (b) may be transferred to the Secretary upon his request.

(d) In order to effectively carry out his activities under section 501, the Secretary is authorized to provide such advice and technical assistance as may be required and to pay for the cost of writing and publishing reports on activities and undertakings financed under section 501, as well as reports on similar activities and undertakings, not so financed, which are of significant value in furthering the purposes of that section. He may disseminate (without regard to the provisions of section 3204 of title 39, United States Code, or section 4154 of such title with respect to any period before the effective date of such section 3204 as provided in section 15(a) of the Postal Reorganization Act) any reports, data, or information acquired or held under this title, including related data and information otherwise available to the Secretary through the operation of the programs and activities of the Department of Housing and Urban Development, in such form as he determines to be most useful to departments, establishments, and agencies of Federal, State, and local governments, to industry, and to the general public.

(e) The Secretary is authorized to carry out the functions authorized in section 501 either directly or, without regard to section 3709 of the Revised Statutes, by contract or by grant. Advance and progress payments may be made under such contracts or grants without regard to the provisions of section 3648 of the Revised Statutes and such contracts or grants may be made for work to continue for not more than four years from the date thereof.

(f) In carrying out activities under section 501, the Secretary shall utilize to the fullest extent feasible the available facilities of other Federal departments and agencies, and shall consult with, and make recommendations to, such departments and agencies. The Secretary may enter into working agreements with such departments and agencies and contract or make grants on their behalf or have such departments and agencies contract or make grants on his behalf. The Secretary is authorized to make or accept reimbursement for the cost of such

activities. The Secretary is further authorized to undertake activities under this title under cooperative agreements with industry and labor, agencies of State or local governments, educational institutions, and other organizations. He may enter into contracts with and receive funds from such agencies, institutions, and organizations, and may exercise any of the other powers vested in him by section 502(c) of the Housing Act of 1948.

(g) The Secretary is authorized to request and receive such information or data as he deems appropriate from private individuals and organizations, and from public agencies. Any such information or data shall be used only for the purposes for which it is supplied, and no publication shall be made by the Secretary whereby the information or data furnished by any particular person or establishment can be identified, except with the consent of such person or establishment.

#### REPEAL OF EXISTING RESEARCH AUTHORITIES

SEC. 503. Effective July 1, 1971, the following provisions of law are repealed; except that such repeal shall not affect contracts, commitments, reservations, or other obligations entered into pursuant to such provisions prior to that date:

- (1) title III of the Housing Act of 1948;
- (2) section 314 of the Housing Act of 1954;
- (3) section 602 of the Housing Act of 1956;
- (4) section 207 of the Housing Act of 1961;
- (5) section 301 of the Housing and Urban Development Act of 1965;
- (6) sections 1010 and 1011 of the Demonstration Cities and Metropolitan Development Act of 1966; and
- (7) section 1714(b) of the Housing and Urban Development Act of 1968.

#### EXPERIMENTAL HOUSING ALLOWANCE PROGRAM

SEC. 504. (a) In carrying out activities under section 501, the Secretary shall undertake on an experimental basis a program to demonstrate the feasibility of providing families of low income with housing allowances to assist them in obtaining rental housing of their choice in existing standard housing units. For this purpose, the Secretary is authorized to pay and to contract to pay, subject to the limitations of this section, monthly housing allowances to such families in localities determined by the Secretary to have an adequate supply of such housing units.

(b) The housing allowance provided to any family of low income shall not exceed the difference between 25 per centum of the family's income and the maximum fair market rental established in the locality by the Secretary for dwelling units of similar size in projects receiving annual payments under contracts authorized by section 101 (a) of the Housing and Urban Development Act of 1965. The Secretary shall make the payment of any such allowance to any such family conditional upon an agreement by the family that the allowance will be used solely for the payment of rent for occupancy in existing standard housing.

(c) The Secretary is authorized to contract with public or private organizations to provide the services required in the selection of fam-

ilies of low income for the distribution of monthly housing allowance payments to such families. In contracting with such organizations, the Secretary is authorized (without limiting his authority under any other provision of law) to delegate to such organizations the authority to make the ministerial findings necessary to enable the Secretary to make such payments to families selected by such organizations.

(d) The Secretary is authorized to pay and to contract to pay (in an aggregate amount not to exceed \$10,000,000 in each of the fiscal years 1972 and 1973) monthly housing allowance payments to families of low income pursuant to this section. There are authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to make payments under this subsection.

(e) The Secretary shall, as early as practicable in the calendar years 1972 and 1973 make a report to the respective Committees on Banking and Currency of the Senate and House of Representatives with respect to the administration of the program authorized by this section, together with any recommendations that he may deem appropriate.

(f) As used in this section—

(1) The term "families of low income" has the same meaning as in section 2(2) of the United States Housing Act of 1937.

(2) The term "existing standard housing" means a rental unit which meets standards prescribed by the Secretary.

(g) No housing allowance payments pursuant to this section shall be made after June 30, 1973.

#### DEMONSTRATIONS WITH RESPECT TO ABANDONED PROPERTIES

SEC. 505. (a) In carrying out activities under section 501, the Secretary may undertake programs to demonstrate the most feasible means of providing assistance to localities in which a substantial number of structures are abandoned or are threatened with abandonment for the purpose of arresting the process of housing abandonment in its incipency or in restoring viability to blighted areas in which abandonment is pervasive. For this purpose, the Secretary is authorized to make grants, subject to the limitations of this section, to assist local public bodies in planning and implementing demonstration projects for prompt and effective action in alleviating and preventing such abandonment in designated demonstration areas.

(b) In administering this section, the Secretary shall give preference to those demonstration projects which in his judgment can reasonably be expected to arrest the process of abandonment in the demonstration area within a period of two years and which provide for innovative approaches to combating the problem of housing abandonment. Such projects may include, but shall not be limited to (1) acquisition by negotiated purchase, lease, receivership, tax lien proceedings, or other means authorized by law and satisfactory to the Secretary, of real property within the demonstration area or areas which is abandoned, deteriorated, or in violation of applicable code standards; (2) the repair of streets, sidewalks, parks, playgrounds, publicly owned utilities, public buildings to meet needs consistent with the revitalization and continued use of the area; (3) the demolition of structures determined to be structurally unsound or unfit for human habitation or which contribute adversely to the physical or social environment of the locality involved; (4) the establishment

of recreational or community facilities including public playgrounds; (5) the improvement of garbage and trash collection, street cleaning and other essential services necessary to the revitalization and maintenance of the area; (6) the rehabilitation of privately and publicly owned real property by the locality; and (7) the establishment and operation of locally controlled, nonprofit housing management corporations and municipal repair programs.

(c) Subject to such conditions as the Secretary may prescribe, real property held as part of a project assisted under this section may be made available to (1) a limited dividend corporation, nonprofit corporation, or association, cooperative or public body or agency, or other approved purchaser or lessee, or (2) a purchaser who would be eligible for a mortgage insured under section 221 (d) (3) or (d) (4), section 221 (h) (1), section 235 (i) or (j) (1), or section 236 of the National Housing Act, for purchase or lease at fair market value for use by such purchaser or lessee, as, or in the provision of, new or rehabilitated housing for occupancy by families or individuals of low or moderate income.

(d) Grants under this section shall be in amounts which do not exceed 90 per centum of the net project cost as determined by the Secretary. There are authorized to be appropriated for demonstration grants under this section not to exceed \$20,000,000 for the fiscal year ending June 30, 1971. Any amounts appropriated shall remain available until expended and any amount authorized but not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1972. Not more than one-third of the aggregate amount of grants made in any fiscal year under this section shall be made with respect to projects undertaken by one locality.

(e) The provisions of sections 106, 114, and 115 of Title I of the Housing Act of 1949, and section 312 of the Housing Act of 1964, may apply to projects assisted under this Act as if such projects were being carried out in urban renewal areas as part of urban renewal projects within the meaning of section 110 of the Housing Act of 1949.

(f) The Secretary shall report annually to the Congress with respect to the status of demonstration projects funded by him and shall make such recommendations to the Congress as he deems necessary to further the purposes of this section.

## TITLE VI—CRIME INSURANCE

### FINDINGS AND PURPOSE

SEC. 601. Section 1102(b) of the Housing and Urban Development Act of 1968 is amended by striking out "and" immediately before "(2)", and by inserting before the period at the end thereof the following: "; and (3) provide direct insurance through the facilities of the Federal Government in the case of properties for which statewide programs and the Federal reinsurance program either do not make crime insurance available or offer such insurance to property owners only at prohibitive cost".

### AMENDMENTS TO TITLE XII OF THE NATIONAL HOUSING ACT

SEC. 602. (a) Section 1201 of the National Housing Act is amended to read as follows:

"PROGRAM AUTHORITY

"SEC. 1201. (a) The Secretary is authorized to establish and carry out the programs provided for in parts A, B, C, and D of this title.

"(b) (1) The powers of the Secretary under this title shall terminate on April 30, 1975, except to the extent necessary—

"(A) to continue reinsurance and direct insurance in accordance with the provisions of sections 1223(b) and 1231(c) until April 30, 1978;

"(B) to process, verify, and pay claims for reinsured losses and directly insured losses and perform other necessary functions in connection therewith; and

"(C) to complete the liquidation and termination of the reinsurance and direct insurance programs.

"(2) On April 30, 1978, or as soon thereafter as possible, the Secretary shall submit to the Congress, for its approval, a plan for the liquidation and termination of the reinsurance and direct insurance programs."

(b) Section 1203(a) of such Act is amended by redesignating paragraphs (1) through (13) as paragraphs (4) through (16), respectively, and by inserting immediately after and below "the term—" the following new paragraphs:

"(1) 'affordable rate' means such premium rate as the Secretary determines would permit the purchase of a specific type of insurance coverage by a reasonably prudent person in similar circumstances with due regard to the costs and benefits involved;

"(2) 'crime insurance' means insurance against losses resulting from robbery, burglary, larceny, and similar crimes, and may include broad form personal theft insurance, mercantile open stock insurance, mercantile robbery and mercantile safe burglary insurance, storekeepers burglary and robbery insurance, office burglary and robbery insurance, and may include business interruption insurance as the Secretary may designate; the term does not include automobile insurance or losses resulting from embezzlement;

"(3) 'directly insured losses' means losses on direct insurance claims and all direct expenses incurred in connection therewith, including but not limited to expenses for processing, verifying, and paying such losses;"

(c) Section 1221(a) (2) of such Act is amended by striking out "section 1203(a) (10)" each place it appears and inserting in lieu thereof "section 1203(a) (13)".

(d) Title XII of such Act is amended by redesignating part C and sections 1231 through 1241 as part D and sections 1241 through 1251, respectively, and by inserting after part B the following new part:

"PART C—FEDERAL INSURANCE AGAINST BURGLARY AND THEFT

"REVIEW AND PROGRAM AUTHORITY

"SEC. 1231. (a) The Secretary shall conduct a continuing review of the market availability situation in each of the several States to determine whether crime insurance is available at affordable rates

either through the normal insurance market or through a suitable program adopted under State law.

"(b) Upon determining pursuant to subsection (a) that, at any time on or after August 1, 1971, a critical market unavailability situation for crime insurance then exists in any State and has not been met through appropriate State action, the Secretary is authorized to make crime insurance available at affordable rates within such State through the facilities of the Federal Government. Such insurance shall be provided upon such terms and conditions, and subject to such deductibles and other restrictions and limitations, as the Secretary deems appropriate, but no such insurance shall be made available to a property which the Secretary determines to be uninsurable or to a property with respect to which reasonable protective measures to prevent loss, consistent with standards established by the Secretary, have not been adopted.

"(c) Notwithstanding any other provision of this title, direct insurance may be continued for the term of the policies written prior to the date of termination of the Secretary's direct insurance authority under this part, for as long as the insured pays the required direct insurance premiums; except that direct insurance under this part for any risk shall be terminated after notice whenever the Secretary determines that the standard lines of crime insurance otherwise have become available to such property at affordable rates.

#### "USE OF EXISTING FACILITIES AND SERVICES

"SEC. 1232. In carrying out his responsibilities under this part, the Secretary may utilize—

"(1) insurance companies and other insurers, insurance agents and brokers, and insurance adjustment organizations, as fiscal agents of the United States,

"(2) officers and employees of the Department of Housing and Urban Development, and such other officers and employees of any executive agency (as defined in section 105 of title 5 of the United States Code) as the Secretary and the head of any such agency may from time to time agree upon, on a reimbursement or other basis, or

"(3) both the alternatives specified in paragraphs (1) and (2), or any combination thereof.

#### "ESTABLISHMENT OF AFFORDABLE RATES

"SEC. 1233. In estimating the affordable rates for the various crime insurance coverages offered from time to time under this part, the Secretary shall consult with appropriate State insurance authorities and other knowledgeable persons and is authorized to take into consideration the nature and degree of the risks involved, the protective devices employed, the extent of anticipated losses, the prevailing rates for similar coverages in adjacent or comparable areas and territories, the economic importance of the various individual coverages and the type of property involved, and the relative abilities of the particular classes and types of insureds to pay the full estimated costs of such coverages. Nothing in this section shall be construed to prohibit or require either the adoption of uniform national rates or the periodic

modification of currently estimated affordable rates for any particular line or subline of coverage, class, State, territory, or risk on the basis of additional information or actual loss experience.

#### "REPORTS ON OPERATIONS"

"*SEC. 1234. The Secretary shall include in his reports to the Congress on the program authorized by this title full and complete information on his operations and activities under this part, together with such recommendations with respect thereto as he may deem appropriate.*"

(e) Section 1222(a) of such Act is amended by striking out "section 1233" and inserting in lieu thereof "section 1243".

(f) Section 1244(c) of such Act (as redesignated by subsection (d) of this section) is amended by striking out "section 1232" and inserting in lieu thereof "section 1242".

(g) Section 1241(a) of such Act (as so redesignated) is amended by inserting "or direct insurance" after "reinsurance", and by inserting "or property owners" after "insurers".

(h) Section 1241(b) of such Act (as so redesignated) is amended by inserting "or direct insurance" after "reinsurance".

(i) Section 1242(a) of such Act (as so redesignated) is amended—

(1) by striking out "the reinsurance program" and inserting in lieu thereof "the reinsurance and direct insurance programs";

(2) by inserting "or direct insurance" after "reinsurance" in paragraphs (1), (2), and (4);

(3) by inserting "or property owner" after "any insurer" where it first appears in paragraph (4); and

(4) by inserting "or directly insured" after "reinsured" in paragraph (4).

(j) Section 1243 of such Act (as so redesignated) is amended—

(1) by inserting "and direct insurance" after "reinsurance" in subsection (a)(1) and each place it appears in subsection

(b)(1);

(2) by striking out "part B" in subsection (b)(1) and inserting in lieu thereof "parts B and C"; and

(3) by redesignating clauses (4) and (5) of subsection (b) as clauses (5) and (6), and inserting after clause (3) a new clause as follows:

"(4) such amounts which are hereby authorized to be appropriated as may be necessary from time to time to reimburse the fund for losses and expenses (including administrative expenses) incurred in carrying out the program authorized under part C;"

(k) Section 1244(a) of such Act (as so redesignated) is amended by striking out "Any insurer or pool acquiring reinsurance" and inserting in lieu thereof "Any insurer, pool, or property owner acquiring reinsurance or direct insurance".

(l) Section 1244(c) of such Act (as so redesignated) is amended by inserting "or direct insurance" after "reinsurance".

#### REVIEW OF STATEWIDE PLANS

*SEC. 603. Title XII of the National Housing Act is amended by inserting after section 1214 a new section as follows:*

"OFFICE OF REVIEW AND COMPLIANCE"

"*SEC. 1215. The Secretary, through an Office of Review and Compliance under the Federal Insurance Administrator, shall periodically review each plan under this part and the methods and practices by which such plan is being actually carried out in the areas and communities where it is intended to operate, in order to assure that such plan is effectively making essential property insurance readily available in such areas and communities and is otherwise carrying out the purposes of this title, and in order to identify any aspects of the operation or administration of such plan which may require revision, modification, or other action to carry out such purposes.*"

CONFORMING AMENDMENT

*SEC. 604. Clause (2) of the first sentence of section 520(b) of the National Housing Act is amended by inserting "and directly insured" after "reinsured" wherever it appears.*

## TITLE VII—URBAN GROWTH AND NEW COMMUNITY DEVELOPMENT

### SHORT TITLE AND STATEMENT OF PURPOSE

*SEC. 701. (a) This title may be cited as the "Urban Growth and New Community Development Act of 1970".*

*(b) It is the policy of the Congress and the purpose of this title to provide for the development of a national urban growth policy and to encourage the rational, orderly, efficient, and economic growth, development, and redevelopment of our States, metropolitan areas, cities, counties, towns, and communities in predominantly rural areas which demonstrate a special potential for accelerated growth; to encourage the prudent use and conservation of our natural resources; and to encourage and support development which will assure our communities of adequate tax bases, community services, job opportunities, and well-balanced neighborhoods in socially, economically, and physically attractive living environments.*

### PART A—DEVELOPMENT OF A NATIONAL URBAN GROWTH POLICY

#### FINDINGS AND DECLARATION OF POLICY

*SEC. 702. (a) The Congress finds that the rapid growth of urban population and uneven expansion of urban development in the United States, together with a decline in farm population, slower growth in rural areas, and migration to the cities, has created an imbalance between the Nation's needs and resources and seriously threatens our physical environment, and that the economic and social development of the Nation, the proper conservation of our natural resources, and the achievement of satisfactory living standards depend upon the sound, orderly, and more balanced development of all areas of the Nation.*

*(b) The Congress further finds that Federal programs affect the location of population, economic growth, and the character of urban*

development; that such programs frequently conflict and result in undesirable and costly patterns of urban development which adversely affect the environment and wastefully use our natural resources; and that existing and future programs must be interrelated and coordinated within a system of orderly development and established priorities consistent with a national urban growth policy.

(c) To promote the general welfare and properly apply the resources of the Federal Government in strengthening the economic and social health of all areas of the Nation and more adequately protect the physical environment and conserve natural resources, the Congress declares that the Federal Government, consistent with the responsibilities of State and local government and the private sector, must assume responsibility for the development of a national urban growth policy which shall incorporate social, economic, and other appropriate factors. Such policy shall serve as a guide in making specific decisions at the national level which affect the pattern of urban growth and shall provide a framework for development of interstate, State, and local growth and stabilization policy.

(d) The Congress further declares that the national urban growth policy should—

(1) favor patterns of urbanization and economic development and stabilization which offer a range of alternative locations and encourage the wise and balanced use of physical and human resources in metropolitan and urban regions as well as in smaller urban places which have a potential for accelerated growth;

(2) foster the continued economic strength of all parts of the United States, including central cities, suburbs, smaller communities, local neighborhoods, and rural areas;

(3) help reverse trends of migration and physical growth which reinforce disparities among States, regions, and cities;

(4) treat comprehensively the problems of poverty and employment (including the erosion of tax bases, and the need for better community services and job opportunities) which are associated with disorderly urbanization and rural decline;

(5) develop means to encourage good housing for all Americans without regard to race or creed;

(6) refine the role of the Federal Government in revitalizing existing communities and encouraging planned, large-scale urban and new community development;

(7) strengthen the capacity of general governmental institutions to contribute to balanced urban growth and stabilization; and

(8) facilitate increased coordination in the administration of Federal programs so as to encourage desirable patterns of urban growth and stabilization, the prudent use of natural resources, and the protection of the physical environment.

#### URBAN GROWTH REPORT

SEC. 703. (a) In order to assist in the development of a national urban growth policy, the President shall utilize the capacity of his office, adequately organized and staffed for the purpose, through an identified unit of the Domestic Council, and of the departments and agencies within the executive branch to collect, analyze, and evaluate

such statistics, data, and other information (including demographic, economic, social, land use, environmental, and governmental information) as will enable him to transmit to the Congress, during the month of February in every even-numbered year beginning with 1972, a Report on Urban Growth for the preceding two calendar years which shall include—

(1) information and statistics describing characteristics of urban growth and stabilization and identifying significant trends and developments;

(2) a summary of significant problems facing the United States as a result of urban growth trends and developments;

(3) an evaluation of the progress and effectiveness of Federal efforts designed to meet such problems and to carry out the national urban growth policy;

(4) an assessment of the policies and structure of existing and proposed interstate planning and developments affecting such policy;

(5) a review of State, local, and private policies, plans, and programs relevant to such policy;

(6) current and foreseeable needs in the areas served by policies, plans, and programs designed to carry out such policy, and the steps being taken to meet such needs; and

(7) recommendations for programs and policies for carrying out such policy, including such legislation and administrative actions as may be deemed necessary and desirable.

(b) The President may transmit from time to time to the Congress supplementary reports on urban growth which shall include such supplementary and revised recommendations as may be appropriate.

(c) To assist in the preparation of the Report on Urban Growth and any supplementary reports, the President may establish an advisory board, or seek the advice from time to time of temporary advisory boards, the members of whom shall be drawn from among private citizens familiar with the problems of urban growth and from among Federal officials, Governors of States, mayors, county officials, members of State and local legislative bodies, and others qualified to assist in the preparation of such reports.

## PART B—DEVELOPMENT OF NEW COMMUNITIES

### FINDINGS AND PURPOSE

SEC. 710. (a) The Congress finds that this Nation is likely to experience during the remaining years of this century a population increase of about seventy-five million persons.

(b) The Congress further finds that continuation of established patterns of urban development, together with the anticipated increase in population, will result in (1) inefficient and wasteful use of land resources which are of national economic and environmental importance; (2) destruction of irreplaceable natural and recreational resources and increasing pollution of air and water; (3) diminished opportunity for the private homebuilding industry to operate at its highest potential capacity in providing good housing needed to serve the expanding population and to replace substandard housing; (4) costly and inef-

ficient public facilities and services at all levels of government; (5) unduly limited options for many of our people as to where they may live, and the types of housing and environment in which they may live; (6) failure to make the most economic use of present and potential resources of many of the Nation's smaller cities and towns, including those in rural and economically depressed areas, and decreasing employment and business opportunities for their residents; (7) further lessening of employment and business opportunities for the residents of central cities and of the ability of such cities to retain a tax base adequate to support vital services for all their citizens, particularly the poor and disadvantaged; (8) further separation of people within metropolitan areas by income and by race; (9) further increases in the distances between the places where people live and where they work and find recreation; and (10) increased cost and decreased effectiveness of public and private facilities for urban transportation.

(c) The Congress further finds that better patterns of urban development and revitalization are essential to accommodate future population growth; to prevent further deterioration of the Nation's physical and social environment; and to make positive contributions to improving the overall quality of life within the Nation.

(d) The Congress further finds that the national welfare requires the encouragement of well-planned, diversified, and economically sound new communities, including major additions to existing communities, as one of several essential elements of a consistent national program for bettering patterns of development and renewal.

(e) The Congress further finds that desirable new community development on a significant national scale has been prevented by difficulties in (1) obtaining adequate financing at moderate cost for enterprises which involve large initial capital investment, extensive periods before investment can be returned, and irregular patterns of return; (2) the timely assembly of sufficiently large sites in economically favorable locations at reasonable cost; and (3) making necessary arrangements, among all private and public organizations involved, for providing site and related improvements (including streets, sewer and water facilities, and other public and community facilities) in a timely and coordinated manner.

(f) It is, therefore, the purpose of this part to provide private developers and State and local public bodies and agencies (including regional or metropolitan public bodies and agencies) with financial and other assistance necessary for encouraging the orderly development of well-planned, diversified, and economically sound new communities, including major additions to existing communities, and to do so in a manner which will rely to the maximum extent on private enterprise; strengthen the capacity of State and local governments to deal with local problems; preserve and enhance both the natural and urban environment; increase for all persons, particularly members of minority groups, the available choices of locations for living and working, thereby providing a more just economic and social environment; encourage the fullest utilization of the economic potential of older central cities, smaller towns, and rural communities; assist in the efficient production of a steady supply of residential, commercial,

and industrial building sites at reasonable cost; increase the capability of all segments of the home-building industry, including both small and large producers, to utilize improved technology in producing the large volume of well-designed, inexpensive housing needed to accommodate population growth; help create neighborhoods designed for easier access between the places where people live and the places where they work and find recreation; and encourage desirable innovation in meeting domestic problems whether physical, economic, or social. It is also the purpose of this part to improve the organizational capacity of the Federal Government to carry out programs of assistance for the development of new communities and the revitalization of the Nation's urban areas.

#### DEFINITIONS

*SEC. 711. As used in this part—*

(a) The term "new community development program" means a program which is intended to result in a newly built community or a major addition to an existing community and which meets the eligibility standards set forth in section 712.

(b) The term "private new community developer" means any private entity organized in a form satisfactory to the Secretary for carrying out one or more new community development programs.

(c) The term "State land development agency" means any State or local public body or agency with authority to act as developer in carrying out one or more new community development programs.

(d) The term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of any of the foregoing.

(e) The term "local public body or agency" means any public body or agency, including a political subdivision, created by or under the laws of a State or two or more States, or a combination of such bodies or agencies.

(f) The term "land development" means the process of clearing and grading land, making, installing, or constructing waterlines and water supply installations, sewerlines and sewage disposal installations, steam, gas, and electric lines and installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site, which the Secretary deems necessary or desirable to prepare land for residential, commercial, industrial, or other uses, or to provide facilities for public or common use. The term "land development" includes the construction of public facilities, but does not include the construction of any other building unless it is (1) needed in connection with a water supply or sewage disposal installation or a steam, gas, or electric line or installation, or (2) is to be owned and maintained by residents of the new community under joint or cooperative arrangements approved by the Secretary.

(g) The term "actual cost" means the costs (exclusive of rebates or discounts) incurred by a new community developer in carrying out the land development assisted under this Act. These costs may include amounts paid for labor, materials, construction contracts, land planning, engineers' and architect's fees, surveys, taxes, and interest

during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Secretary, and other items of expense incidental to development which may be approved by the Secretary. If the Secretary determines that there is an identity of interest between the developer and a contractor, there may be included as a part of actual cost an allowance for the contractor's profit or risk an amount deemed reasonable by the Secretary.

(h) The term "Secretary" means the Secretary of Housing and Urban Development.

(i) The term "Community Development Corporation" means the corporation established within the Department of Housing and Urban Development under section 729.

#### ELIGIBLE NEW COMMUNITY DEVELOPMENT

SEC. 712. (a) A new community development program is eligible for assistance under this part only if the Secretary determines that the program (or the new community it contemplates) —

(1) will provide an alternative to disorderly urban growth, helping preserve or enhance desirable aspects of the natural and urban environment or so improving general and economic conditions in established communities as to help reverse migration from existing cities or rural areas;

(2) will be economically feasible in terms of economic base or potential for economic growth;

(3) will contribute to the welfare of the entire area which will be substantially affected by the program and of which the land to be developed is a part;

(4) is consistent with comprehensive planning, physical and social, determined by the Secretary to provide an adequate basis for evaluating the new community development program in relation to other plans (including State, local, and private plans) and activities involving area population, housing and development trends, and transportation, water, sewerage, open space, recreation, and other relevant facilities;

(5) has received all governmental reviews and approvals required by State or local law, or by the Secretary;

(6) will contribute to good living conditions in the community, and that such community will be characterized by well balanced and diversified land use patterns and will include or be served by adequate public, community, and commercial facilities (including facilities needed for education, health and social services, recreation, and transportation) deemed satisfactory by the Secretary;

(7) makes substantial provision for housing within the means of persons of low and moderate income and that such housing will constitute an appropriate proportion of the community's housing supply; and

(8) will make significant use of advances in design and technology with respect to land utilization, materials and methods of construction, and the provision of community facilities and services.

(b) *A new community development program approved for assistance under this part shall be undertaken by a private new community developer or State land development agency approved by the Secretary on the basis of financial, technical, and administrative ability which demonstrates capacity to carry out the program with reasonable assurance of its completion.*

#### GUARANTEES

*SEC. 713. (a) The Secretary (acting through the Community Development Corporation) is authorized to guarantee, and enter into commitments to guarantee, the bonds, debentures, notes, and other obligations issued by or on behalf of private new community developers and State land development agencies for the purpose of financing real property acquisition and land development and to compensate for the use of real property or the removal of liens or encumbrances on such property, pursuant to the new community development programs approved by the Secretary. The Secretary may make such guarantees and enter into such commitments upon such terms and conditions as he may prescribe consistent with the limitations and conditions contained in section 716; except that no obligation of any State land development agency shall be guaranteed under this section if the income from such obligation is exempt from Federal taxation. The Secretary is authorized to make grants to any State land development agency the obligations of which are guaranteed under this section in amounts estimated by him not to exceed the difference between the interest paid on such obligations and the interest on similar obligations the income from which is exempt from Federal taxation.*

*(b) The full faith and credit of the United States is pledged to the payment of all guarantees made under this section with respect to principal, interest, and any redemption premiums. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for such guarantee, and the validity of any guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligation.*

*(c) The outstanding bonds, debentures, notes or other obligations guaranteed under this section with respect to a single new community development program shall involve a principal obligation in an amount (1) in the case of a State land development agency, not exceeding 100 per centum of the sum of the Secretary's estimate of the value of the real property before development and his estimate of the actual cost of the land development, or (2) in the case of a private new community developer, not exceeding the sum of 80 per centum of the Secretary's estimate of the value of the real property before development and 90 per centum of his estimate of the actual cost of the land development.*

*(d) The outstanding principal obligations guaranteed under this section with respect to a single new community development program shall at no time exceed \$50,000,000.*

*(e) The aggregate of the outstanding principal obligations guaranteed under this section shall at no time exceed \$500,000,000.*

## LOANS

SEC. 714. (a) *The Secretary (acting through the Community Development Corporation) is authorized, subject to the limitations and conditions contained in section 716, to make and enter into agreements to make loans to or on behalf of private new community developers and State land development agencies for the purpose of assisting them to make interest payments on indebtedness incurred by them to finance new community development programs approved by him. Loans under this section shall be in amounts which do not exceed the amount of interest the Secretary estimates is payable on indebtedness attributable to land acquisition or land development and shall be made only with respect to interest payments on indebtedness outstanding during an initial development period (not to exceed fifteen years) which the Secretary estimates to be prior to the time when land marketing activity is of sufficient volume to permit continued development under the new community development program without the benefit of further loans under this section.*

(b) *The Secretary shall require that loans under this section shall be repaid, with interest and on terms and conditions satisfactory to him, commencing at such time as development progress and marketing under the new community development program permit such repayment, but not later than fifteen years after the date the loan is made. Such loans shall bear interest at a rate specified by the Secretary which shall not be less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, plus one-eighth of 1 per centum.*

(c) *The principal amount of the loans outstanding at any time under this section with respect to a single new community development program shall not exceed \$20,000,000.*

(d) *The aggregate principal amount of the loans outstanding under this section shall at no time exceed \$240,000,000.*

## PUBLIC SERVICE GRANTS

SEC. 715. *In addition to providing assistance under the preceding sections, the Secretary (acting through the Community Development Corporation) may make public service grants (in such amounts and on such terms and conditions as he deems appropriate) to a State land development agency or to the State or local public body having responsibility for providing the services involved to cover the cost of providing during an initial period (not exceeding three years) essential public services (including educational, health, and safety services) which the Secretary deems necessary adequately to serve the needs of the residents of the development prior to completion of permanent arrangements for the provision of such services. There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.*

## LIMITATIONS ON GUARANTEES AND LOANS

SEC. 716. (a) *No guarantee or loan shall be made under this part unless the Secretary has determined that the new community develop-*

ment program represents an acceptable financial risk to the United States, taking into consideration (1) the financial and security interests of the United States, including the manner in which the developer proposes to finance and schedule land acquisition, land development, and marketing, and (2) the public purposes of this part and the special problems involved in financing new communities, including (i) the large amount of initial capital required to finance sound new communities, (ii) the extended period before initial returns can be expected, and (iii) the irregular pattern of cash returns characteristic of this type of development.

(b) The Secretary shall take such steps as he considers reasonable to assure that bonds, debentures, notes, and other obligations guaranteed, or with respect to which interest loans are made, under this part will—

(1) be issued to investors approved by, or meeting requirements prescribed by, the Secretary, or if an offering to the public is contemplated, be underwritten upon terms and conditions approved by the Secretary;

(2) bear interest at a rate satisfactory to the Secretary;

(3) contain or be subject to repayment, maturity, and other provisions satisfactory to the Secretary; and

(4) contain or be subject to provisions with respect to the protection of the security interests of the United States, including any provisions deemed appropriate by the Secretary relating to subrogation, liens, and releases of liens, payment of taxes, cost certification procedures, escrow or trusteeship requirements or other matters.

#### REVOLVING FUND

SEC. 717. (a) The Secretary is authorized to establish a revolving fund to provide for (1) the timely payment of any liabilities incurred as the result of guarantees or grants under section 713; (2) making loans authorized under this part; (3) payment of obligations issued to the Secretary of the Treasury under subsection (b) of this section; and (4) any other program expenditures, including administrative and nonadministrative expenses. Such revolving fund shall be comprised of (1) receipts from fees and charges; (2) recoveries under security, subrogation, and other rights; (3) repayments, interest income, and any other receipts obtained in connection with guarantees or loans made under this part; (4) proceeds of the obligations issued to the Secretary of the Treasury pursuant to subsection (b) of this section; and (5) such sums, which are hereby authorized to be appropriated, as may be required for the payment of the obligations issued to the Secretary of the Treasury for the purpose of making grants to State land development agencies under section 713, and for other purposes under this part. Money in the revolving fund not currently needed for the purpose of this part shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed thereby, or in obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds.

(b) The Secretary may issue obligations to the Secretary of the Treasury in an amount sufficient to enable the Secretary to carry out the functions authorized by this part. The obligations issued under

*this subsection shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any obligations so issued, and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under that Act are extended to include purchases of the obligations, hereunder.*

*(c) Notwithstanding any other provision of law relating to the acquisition, handling, improvement, or disposal of real and other property by the United States, the Secretary shall have power, for the protection of the interests of the fund authorized under this section, to pay out of such fund all expenses or charges in connection with the acquisition, handling, improvement, or disposal of any property, real or personal, acquired by him as a result of recoveries under security, subrogation, or other rights.*

#### SUPPLEMENTARY GRANTS FOR PUBLIC FACILITIES

*SEC. 718. (a) The Secretary is authorized to make supplementary grants to any State or local public body or agency carrying out a new community assistance project, as defined in subsection (c), if the Secretary determines that such project is necessary or desirable for carrying out a new community development program. In no case shall any grant under this section exceed 20 per centum of the cost of the new community assistance project for which the grant is made; and in no case shall the total Federal contributions to the cost of such project be more than 80 per centum.*

*(b) In carrying out his authority under this section, the Secretary shall, with respect to any new community assistance project assisted by grants administered by a Federal department or agency other than the Department of Housing and Urban Development, consult with such department or agency concerning the project; and he shall, for the purpose of subsection (a), accept the certification of such department or agency as to the cost of such project.*

*(c) For the purposes of this section, a "new community assistance project" is a project assisted by grants under section 3 of the Urban Mass Transportation Act of 1964; section 120(a) of title 23, United States Code; section 19 of the Airport and Airway Development Act of 1970; title VI of the Public Health Service Act; title II of the Library Services and Construction Act; section 5 of the Land and Water Conservation Fund Act of 1965; title VII of the Housing Act of 1961; section 702 or 703 of the Housing and Urban Development Act of 1965; section 8 of the Federal Water Pollution Control Act; section 306(a)(2) of the Consolidated Farmers Home Administration Act; section 103 or 104 of the Higher Education Facilities Act of 1963; or section 101(a)(1) of the Public Works and Economic Development Act of 1965 with respect to projects of a type eligible for assistance under any of the other provisions of law listed in this subsection.*

*(d) There are authorized to be appropriated for supplementary grants under this section not to exceed \$36,000,000 for the fiscal year ending June 30, 1971, not to exceed \$66,000,000 for each of the fiscal*

years ending June 30, 1972, and June 30, 1973, and not to exceed such sums as may be necessary for any fiscal year commencing after June 30, 1973. Any amount so appropriated shall remain available until expended, and any amounts authorized for any fiscal year but not appropriated may be appropriated for any succeeding fiscal year. In addition, the amounts authorized to be appropriated for grants under section 412 of the Housing and Urban Development Act of 1968 and the amounts appropriated thereunder shall be available for carrying out this section and shall remain available until appropriated and expended.

#### TECHNICAL ASSISTANCE

*SEC. 719. The Secretary is authorized to provide, either directly or by contract or other arrangements, technical assistance to private new community developers and State land development agencies, or State and local public bodies and agencies to assist them in connection with planning and carrying out new community development programs.*

#### SPECIAL PLANNING ASSISTANCE

*SEC. 720. (a) The Secretary may, until June 30, 1975, enter into agreements with private new community developers and State land development agencies to provide financial assistance, in amounts, not exceeding two-thirds of the estimated cost of such work, for planning new community development programs, including planning work which he determines will have special value in assuring that new community development programs (1) will be fully responsive to social or environmental problems related to the public purposes of new community development, or (2) will adequately provide for, or encourage the use of, new or advanced technology in support of program objectives.*

*(b) The Secretary shall enter into agreements under this section only with respect to new community development programs which had been approved or are being actively considered for approval, having met such initial feasibility criteria as the Secretary may have prescribed, and, in the case of private new community developers, only with respect to planning work which the Secretary determines is in excess of that which would ordinarily be needed to establish final market, financial, and engineering feasibility for programs or projects of similar size and scope not subject to the special purposes of this part. The financial assistance extended pursuant to such agreements shall be subject to such terms and conditions, which, in the case of private new community developers, may include provisions for repayment where appropriate, as the Secretary may prescribe.*

*(c) There are authorized to be appropriated for financial assistance under this section not to exceed \$5,000,000, which limit shall be increased by \$5,000,000 on July 1, 1971. Any amount appropriated under this section shall remain available until expended.*

#### FEES AND CHARGES

*SEC. 721. The Secretary is authorized to establish and collect fees for guarantees under this part, and may make such charges in connection with guarantees, loans, and technical and other assistance under*

*this part as he considers reasonable for the analysis of applications, appraisals, inspections, and other activities related to such assistance. On or before March 1, 1973, the Secretary shall make a report to the Congress concerning the fees and charges for guarantees under this part that he estimates will be adequate to provide income sufficient for a self-supporting guarantee program and concerning the relationship of other charges to costs incurred under this part.*

#### ENCOURAGEMENT OF SMALL BUILDERS

*SEC. 722. The Secretary shall adopt such requirements as he deems necessary to assure that new community assistance under this part will (1) help maintain a diversified, local homebuilding industry; (2) increase the capability of all segments of the homebuilding industry, including both small and large producers, to participate, through an increased supply of building sites at reasonable costs and through improved technology, in producing the needed, large volume of well-designed, inexpensive housing; and (3) encourage broad participation by the homebuilding industry, particularly small builders.*

#### NEW COMMUNITY DEMONSTRATION PROJECTS

*SEC. 723. Upon specific authorization by the President and under applicable Federal law respecting the use of federally owned lands, the Secretary, utilizing funds made available for the purpose by the Congress, is authorized to plan and carry out large-scale projects demonstrating the development of new communities, which shall be designed to contribute to the achievement of the purposes of this part and serve as models for new community developments which could feasibly be carried out by other public and private developers.*

#### REAL PROPERTY TAXATION

*SEC. 724. Nothing in this part shall be construed to exempt any real property that may be acquired and held by the Secretary as a result of the exercise of lien or subrogation rights from real property taxation to the same extent, according to its value, as other real property is taxed.*

#### AUDIT BY GENERAL ACCOUNTING OFFICE

*SEC. 725. Insofar as they relate to any guarantees, loans, or grants made pursuant to this part, the financial transactions of recipients of Federal assistance may be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by such recipients pertaining to such financial transactions and necessary to facilitate the audit.*

#### GENERAL PROVISIONS

*SEC. 726. In the performance of, and with respect to, the functions, powers, and duties vested in him by this part, the Secretary, in addition to any authority otherwise vested in him, shall—*

- (1) have the functions, powers, and duties (including the*

authority to issue rules and regulations) set forth in section 402, except subsections (c) (2), (c) (4), (d), and (f), of the Housing Act of 1950: *Provided*, That subsection (a) (1) of section 402 shall not apply with respect to functions, powers, and duties under section 719 of this part;

(2) have the power, notwithstanding any other provision of law, in connection with any assistance under this part, whether before or after any default, to provide by contract for the extinguishment upon default of any redemption, equitable, legal, or other right, title, or interest of the private new community developer or State land development agency in any mortgage, deed, trust, or other instrument held by or on behalf of the Secretary for the protection of the security interests of the United States; and

(3) have the power to foreclose on any property or commence any action to protect or enforce any right conferred upon him by law, contract, or other agreement, and bid for and purchase at any foreclosure or other sale any property in connection with which he has provided assistance pursuant to this part. In the event of any such acquisition, the Secretary may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property. Notwithstanding any other provision of laws, the Secretary shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by him in connection with any security, subrogation, or other rights obtained by him in administering this part.

#### TECHNICAL AND CONFORMING PROVISIONS

SEC. 727. (a) No bonds, debentures, notes, or other obligations shall be guaranteed under title IV of the Housing and Urban Development Act of 1968 after the effective date of this part except pursuant to an offer or commitment to guarantee, or project approval, made before that date: *Provided*, That a new community developer whose new community development project has, as of the effective date of this part, been approved by the Secretary under title IV shall be eligible with respect to obligations thereafter issued by him for guarantee assistance as authorized either by title IV or by this part, and such guarantee assistance may be given without a further determination by the Secretary under sections 712 and 716 (a) of this part. If the Secretary finds that an applicant for title IV assistance has submitted complete financial and internal development plans and related materials pursuant to section 404 of such title IV, or major elements of such plans or materials, the Secretary may accept such plans and materials or major elements, respectively, as fully or partially satisfying the requirement under this part for the submission of a new community development program. All receipts, funds, or other assets and all liabilities of the revolving fund established pursuant to section 407 of the Housing and Urban Development Act of 1968 (including liabilities arising under guarantees made pursuant to such title IV and this section) shall become and be assets and liabilities of the revolving fund established

pursuant to this part, as if such assets and liabilities had been received or incurred pursuant to this part, and shall be paid over, held, and accounted for accordingly.

(b) Section 202(b)(4) of the Housing Amendments of 1955 is amended by adding before the period at the end thereof "or under part B of the Urban Growth and New Community Development Act of 1970".

(c) The first paragraph of section 24 of the Federal Reserve Act is amended by inserting the following before the period at the end of the fourth sentence thereof: "or under part B of the Urban Growth and New Community Development Act of 1970".

(d) The twelfth paragraph of section 5(c) of the Homeowners' Loan Act of 1933 is amended by adding in the last sentence immediately after "under title IV of the Housing and Urban Development Act of 1968" the words "or under part B of the Urban Growth and New Community Development Act of 1970".

(e) Section 701 of the Housing Act of 1954 is amended by—

(1) striking out the word "approved" in subsection (a)(4) and adding before the semicolon at the end of such subsection "or under part B of the Urban Growth and New Community Development Act of 1970";

(2) inserting in subsection (b) after "(2) areas described in" the following: "subsection (a)(4) or"; and

(3) striking out the "No" at the beginning of the third sentence of subsection (b) and inserting in lieu thereof "Except for planning for areas described in subsection (a)(4), no".

(f) All laborers and mechanics employed by contractors or subcontractors in land development assisted under this part shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). No assistance shall be extended under this part for any land development without first obtaining adequate assurance that these labor standards will be maintained upon the construction work involved in such program. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267), and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

(g) With respect to any obligation issued by or on behalf of any State land development agency for which the issuer has elected to receive the benefits of the guarantees provided under this part, the interest paid on such obligation and received by the purchaser thereof (or his successor in interest) shall be included in gross income for the purposes of chapter 1 of the Internal Revenue Code of 1954.

#### JOINT FUNDING

SEC. 728. Funds made available under any Federal assistance program for projects or activities approved as part of, or pursuant to, a new community development program may be used jointly with funds made available for such projects or activities under any other Federal assistance program, subject to regulations prescribed by the President.

*Such regulations may include provisions for common technical or administrative requirements where varying or conflicting provisions of law would otherwise apply, for establishing joint management funds and common non-Federal shares, and for special agreements, or delegations of authority, among different Federal agencies in connection with the supervision or administration of assistance. Such regulations shall in any case include appropriate criteria and procedures to assure that any special authorities conferred, which are not otherwise provided for by law, shall be employed only as necessary to promote effective and efficient administration and in a manner consistent with the protection of the Federal interest and program purposes or statutory requirements of a substantive nature. For purposes of this section, the term "Federal assistance program" has the same meaning as under the Intergovernmental Cooperation Act of 1968.*

#### COMMUNITY DEVELOPMENT CORPORATION

*SEC. 729. (a) There is hereby created within the Department of Housing and Urban Development a body corporate to be known as the Community Development Corporation which shall carry out its functions subject to the direction and supervision of the Secretary.*

*(b) The Corporation shall have a Board of Directors (hereinafter referred to as the "Board") which shall consist of five members as follows:*

- (1) the Secretary, who shall be Chairman of the Board;*
- (2) one person, to be appointed by the President by and with the advice and consent of the Senate, who shall serve at the pleasure of the President, shall be the General Manager of the Corporation, serving as its chief executive officer under the Board's general direction, and shall receive compensation at the rate provided for positions at level IV of the Executive Schedule (5 U.S.C. 5315); and*
- (3) three persons, to be appointed by the Secretary, who shall serve at his pleasure, but not more than one such person shall be selected from among officers or employees of the Department of Housing and Urban Development.*

*Members of the Board who are regular, full-time officers or employees of the Federal Government shall receive no additional compensation for their services as Board members. Other members shall receive for their services as members, when engaged in the performance of their duties, the per diem equivalent to the rate for level IV of the Federal Executive Salary Schedule under section 5315 of title 5 of the United States Code. Each member of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of such title for persons in the Government service employed intermittently.*

*(c) The functions of the Secretary with respect to guarantees and loans in aid of new community development under this part shall be administered through the Community Development Corporation, and the Corporation shall perform such additional functions, powers, and duties as the Secretary may prescribe from time to time.*

## PART C—DEVELOPMENT OF RATIONAL URBAN GROWTH PATTERNS

## STATE AND REGIONAL PLANNING

SEC. 735. Section 701 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

“(j) In carrying out the provisions of this section relating to planning for States, regions, or other multijurisdictional areas whose development has significance for purposes of national growth and urban development objectives, the Secretary shall encourage the formulation of plans and programs which will include the studies, criteria, standards, and implementing procedures necessary for effectively guiding and controlling major decisions as to where growth should take place within such States, regions, or areas. Such plans and programs shall take account of the availability of and need for conserving land and other irreplaceable natural resources; of projected changes in size, movement, and composition of population; of the necessity for expanding housing and employment opportunities; of the opportunities, requirements, and possible locations for, new communities and large-scale projects for expanding or revitalizing existing communities; and of the need for methods of achieving modernization, simplification, and improvements in governmental structures, systems, and procedures related to growth objectives. If the Secretary determines that activities otherwise eligible for assistance under this section are necessary to the development or implementation of such plans and programs, he may make grants in support of such activities to any governmental agency or organization of public officials which he determines is capable of carrying out the planning work involved in an effective and efficient manner and may make such grants in an amount equal to not more than 75 per centum of the cost of such activities.”

## PART D—DEVELOPMENT OF INNER CITY AREAS

## PURPOSE

SEC. 740. It is the purpose of this part to provide our cities, which urgently need to augment their inventories of housing (particularly housing for low and moderate income families) and to find sites for essential public facilities and additional sources of employment, but have virtually no vacant land upon which to build, with a program which will make possible the more rational use of urban land and space that is currently occupied by industrial or commercial uses which though not physically blighted are functionally obsolete or uneconomic, or of land and space that is not usable in its present state because of natural hazards or inadequate development, so that in appropriate cases major rebuilding projects (including new communities in town) may be undertaken without major residential clearance activities and with minimal displacement.

## AMENDMENTS TO TITLE I OF THE HOUSING ACT OF 1949

SEC. 741. (a) The proviso in section 103(a)(1) of such Act is amended by inserting after “open land” the following: “(other than land within the purview of section 110(c)(1)(v)),”.

(b) Section 110(c) (1) of such Act is amended—

(1) by inserting before the first proviso the following: “, or (v) land or space which is vacant, unused, underused, or inappropriately used (including infrequently used rail yards and rail storage facilities, and excessive or vacated railroad rights-of-way; air rights over streets, expressways, railroads, waterways, and similar locations; land which is occupied by functionally obsolete nonresidential buildings or is used for low-utility purposes or is covered by shallow water or is subject to periodic flooding or consists of unused or underused slips or dock areas or other waterfront property; which land or space the Secretary determines may be developed (at a cost reasonably related to the public purpose to be served) without major residential clearance activities, and with full consideration to the preservation of beneficial aspects of the urban and natural environment, for such uses as are consistent with emphasis on housing for low- and moderate-income families, including the provision of schools, hospitals, parks, and other essential public facilities, and, where appropriate, all uses associated with new communities in town or similar large scale undertakings related to inner city needs, including concentrated sources of employment”; and

(2) by striking “clauses (iii) and (iv)” in the first proviso and inserting in lieu thereof “clauses (iii), (iv), and (v)”.

(c) Section 110(c) (7) of such Act is amended to read as follows:

“(7) Construction of foundations and platforms necessary for the development of air rights sites in accordance with the provisions of clause (iv) or (v) of paragraph (1) of this subsection.”

## TITLE VIII—FARM HOUSING

### HOUSING AND RELATED FACILITIES FOR DOMESTIC FARM LABOR

SEC. 801. (a) That part of the text of subsection (a) of section 514 of the Housing Act of 1949 which precedes the first numbered paragraph is amended to read as follows: “The Secretary is authorized to insure and make commitments to insure loans made by lenders other than the United States to the owner of any farm or any association of farmers for the purpose of providing housing and related facilities for domestic farm labor, or to any State (or political subdivision thereof), or any broad-based public or private nonprofit organization or any nonprofit organization of farmworkers incorporated within the State for the purpose of providing housing and related facilities for domestic farm labor any place within the State where a need exists. All such loans shall be made in accordance with terms and conditions substantially identical with those specified in section 502, except that—”.

(b) Section 514(a) of such Act is amended by striking out in paragraph (2) “5 per centum” and inserting in lieu thereof “1 per centum”.

(c) Paragraphs (1) and (2) of section 514(f), and paragraph (1) of section 516(g) are amended by inserting “(including household furnishings)” after “structures”, each place the term appears.

(d) Section 516 of such Act is amended—

(1) by striking out that part of the text of subsection (a) which

precedes the first numbered paragraph and inserting in lieu thereof the following: "Upon the application of any State or political subdivision thereof, or any broad-based public or private nonprofit organization incorporated within the State, or any nonprofit organization of farmworkers incorporated within the State, the Secretary is authorized to provide financial assistance for the provision of low-rent housing and related facilities (which may be located any place within the State) for domestic farm labor, if he finds that—";

(2) by striking out in paragraph (2) of subsection (a) "one-third" and inserting in lieu thereof "10 per centum";

(3) by inserting after "thereof" in paragraph (3) of subsection (a) the following: "and such housing and facilities shall be durable and suitable for year-around occupancy or use, unless the Secretary finds that there is no need for such year-around occupancy or use in that area;" and

(4) by striking out in subsection (b) "two-thirds" and inserting in lieu thereof "90 per centum".

#### RURAL HOUSING LOANS ON NONFARM LEASEHOLDS

SEC. 802. Section 501(b) (2) of the Housing Act of 1949 is amended by striking out "this title, the terms 'owner', 'farm', and 'mortgage' shall be deemed to include, respectively, the lessee of, the land included in" and inserting in lieu thereof the following: "sections 502 and 504, the terms 'owner' and 'mortgage' shall be deemed to include, respectively, the lessee of".

#### MISCELLANEOUS FARM HOUSING AMENDMENTS

SEC. 803. (a) The second sentence of section 504(a) of the Housing Act of 1949 is amended by striking out "in excess of \$1,500" and inserting in lieu thereof "in excess of \$2,500, or in excess of such larger amount not exceeding \$3,500 as the Secretary determines to be necessary in the case of repairs or improvements involving water supply, septic tank, or bathroom or kitchen plumbing facilities".

(b) Section 508(b) of such Act is amended by striking out "shall" wherever it appears in the first and second sentences and inserting in lieu thereof "may".

(c) Section 515(b) (1) of such Act is amended by striking out "\$300,000" and inserting in lieu thereof "\$750,000".

(d) Section 517(j) (3) of such Act is amended by inserting after "collections" the following: "or necessary to obtain credit reports on applicants or borrowers".

(e) Section 520 of such Act is amended by striking out "5,500" and inserting in lieu thereof "10,000".

### TITLE IX—MISCELLANEOUS

#### LIABILITY OF FNMA TO UNITED STATES

SEC. 901. (a) In accordance with the provisions of section 303(a) of the National Housing Act concerning payment of a prescribed part of the general surplus and reserves of the corporation, the Fed-

eral National Mortgage Association shall pay to the Secretary of the Treasury \$52,386,117.

(b) In accordance with the provisions of section 309(c) of the National Housing Act as it existed prior to September 1, 1968, the Federal National Mortgage Association shall pay to the Secretary of the Treasury the remaining income tax equivalent of \$16,479,604, plus interest (1) on \$2,977,442 at the rate of 6 per centum from September 16, 1967, until the date of payment; (2) on \$13,442,424 at the rate of 6 per centum from September 16, 1968, until the date of payment; and (3) on \$59,738 at 6 per centum from November 16, 1968, until the date of payment.

(c) The receipt by the Secretary of the Treasury of the amounts required to be paid by subsections (a) and (b) of this section shall constitute a full and final settlement of all matters affected by such subsections. The United States shall be made a party defendant in any case against any person who is, has been, or may be a director, officer, employee, or agent of the Federal National Mortgage Association because of any action taken pursuant to subsection (a) or (b) of this section, and any judgment awarded the Federal National Mortgage Association shall be paid in the same manner as a judgment against the United States.

(d) Section 302(a) of the National Housing Act, as amended, is further amended by adding at the end thereof the following new paragraph:

"(3) The partition transaction effected pursuant to the foregoing paragraph constitutes a reorganization within the meaning of section 368(a)(1)(E) of the Internal Revenue Code of 1954; and for the purposes of such Code, no gain or loss is recognized by the previously existing body corporate by reason of the partition, and the basis and holding period of the assets of the corporation immediately following such partition are the same as the basis and holding period of such assets immediately prior to such partition."

(e) Section 810(a) of the Housing and Urban Development Act of 1968 is amended by adding at the end thereof the following sentence: "For the purposes of the Internal Revenue Code of 1954, no gain or loss is recognized by the holders of such stock on such change, and the basis and holding period of such stock in the hands of the stockholders immediately after such change are the same as the basis and holding period of such stock in their hands immediately prior to such change."

#### PURCHASE OF FNMA STOCK

SEC. 902. Section 303(b) of the National Housing Act is amended—

- (1) by striking out "shall accumulate" and inserting in lieu thereof "may accumulate";
- (2) by striking out "and other";
- (3) by striking out "nor less than 1 per centum"; and
- (4) by inserting "with the approval of the Secretary of Housing and Urban Development" immediately after "as determined from time to time by the corporation".

ADVICE AND ASSISTANCE WITH RESPECT TO HOUSING FOR LOW- AND  
MODERATE-INCOME FAMILIES

*SEC. 903. (a) Subsection (a) of section 106 of the Housing and Urban Development Act of 1968 is amended to read as follows:*

*"(a) (1) The Secretary is authorized to provide, or contract with public or private organizations to provide, information, advice, and technical assistance, including but not limited to—*

*"(i) the assembly, correlation, publication, and dissemination of information with respect to the construction, rehabilitation, and operation of low- and moderate-income housing;*

*"(ii) the provision of advice and technical assistance to public bodies or to nonprofit or cooperative organizations with respect to the construction, rehabilitation, and operation of low- and moderate-income housing, including assistance with respect to self-help and mutual self-help programs;*

*"(iii) counseling on household management, self-help, budgeting, money management, child care, and related counseling services which would assist low- and moderate-income families receiving assistance under the United States Housing Act of 1937 or the National Housing Act in improving their living conditions and housing opportunities, and in meeting the responsibilities of homeownership.*

*"(2) There is authorized to be appropriated for the purposes of this subsection, without fiscal year limitation, not to exceed \$5,000,000. Any amounts so appropriated shall remain available until expended."*

*(b) The first sentence of section 106(b) (1) of such Act is amended by striking out "any federally assisted program" and inserting in lieu thereof "section 235 of the National Housing Act or any other federally assisted program".*

*(c) Section 2(6) of the United States Housing Act of 1937 is amended by adding at the end thereof the following: "The term also means the financing of tenant programs and services for families residing in low-rent housing projects, particularly where there is maximum feasible participation of the tenants in the development and operation of such tenant programs and services. As used in this paragraph, the term 'tenant programs and services' includes the development and maintenance of tenant organizations which participate in the management of low-rent housing projects; the training of tenants to manage and operate such projects and the utilization of their services in project management and operation; counseling on household management, housekeeping, budgeting, money management, child care, and similar matters; advice as to resources for job training and placement, education, welfare, health, and other community services; services which are directly related to meeting tenant needs and providing a wholesome living environment; and referral to appropriate agencies when necessary for the provision of such services. To the maximum extent available and appropriate, existing public and private agencies in the community shall be used for the provision of such services."*

*(d) Section 15(10) of the United States Housing Act of 1937 is repealed.*

## TRAINING IN HOUSING MANAGEMENT

SEC. 904. Section 803 of the Housing Act of 1964 is amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and inserting after subsection (a) a new subsection as follows:

"(b) Grants may be made under subsection (a) to support (1) the training of persons, especially persons of low income, in acquiring the skills needed in the management of housing for low- and moderate-income persons, and (2) research and the dissemination of information with respect to the problems involved in the management of housing for low- and moderate-income persons."

## GENERAL ADMINISTRATIVE POWERS OF THE SECRETARY

SEC. 905. Section 7 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsections:

"(h) Except as such authority is otherwise expressly provided in any other Act administered by the Secretary, such financial transactions of the Secretary as the making of loans or grants (and vouchers approved by the Secretary in connection with such financial transactions) shall be final and conclusive upon all officers of the Government. Funds made available to the Secretary pursuant to any provision of law for such financial transactions shall be deposited in a checking account or accounts with the Treasurer of the United States. Such funds and any receipts and assets obtained or held by the Secretary in connection with such financial transactions shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Secretary in connection with such financial transactions. Notwithstanding the provisions of any other law, the Secretary may, with the approval of the Comptroller General, consolidate into one or more accounts for banking and checking purposes all cash obtained or held in connection with such financial transactions, including amounts appropriated, from whatever source derived.

"(i) Except as such authority is otherwise expressly provided in any other Act administered by the Secretary, the Secretary is authorized to:

"(1) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which he has made a loan or grant. In the event of any such acquisition, the Secretary may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property: Provided, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property: Provided further, That section 3709 of the Revised Statutes shall not apply to any contract for services or sup-

plies on account of any property so acquired or owned if the amount of such contract does not exceed \$2,500;

"(2) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired or owned;

"(3) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

"(4) obtain insurance against loss in connection with property and other assets held;

"(5) consent to the modification, with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which he is a party or which has been transferred to him; and

"(6) include in any contract or instrument such other covenants, conditions, or provisions as he may deem necessary.

"(j) Notwithstanding any other provision of law the Secretary is authorized to establish fees and charges, chargeable against program beneficiaries and project participants, which shall be adequate to cover over the long run, costs of inspection, project review and financing service, audit by Federal or federally authorized auditors, and other beneficial rights, privileges, licenses, and services. Such fees and charges heretofore or hereafter collected shall be considered nonadministrative and shall remain available for operating expenses of the Department in providing similar services on a consolidated basis.

"(k) (1) The Secretary is authorized to accept and utilize voluntary and uncompensated services and accept, hold, administer, and utilize gifts and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Department. Gifts and bequests of money and the proceeds from sales of other property received as gifts or bequests shall be deposited in the Treasury in a separate fund and shall be disbursed upon order of the Secretary. Property accepted pursuant to this paragraph, and the proceeds thereof, shall be used as nearly as possible in accordance with the terms of the gift or bequest.

"(2) For the purpose of Federal income, estate, and gift taxes, property accepted under paragraph (1) shall be considered as a gift or bequest to or for use of the United States.

"(3) Upon the request of the Secretary, the Secretary of the Treasury may invest and reinvest in securities of the United States or in securities guaranteed as to principal and interest by the United States any moneys contained in the fund provided for in paragraph (1). Income accruing from such securities and from any other property held by the Secretary pursuant to paragraph (1) shall be deposited to the credit of the fund and shall be disbursed upon order of the Secretary.

"(l) The Secretary is authorized to appoint, without regard to the civil service laws, such advisory committees as shall be appropriate for the purpose of consultation with and advice to the Department in performance of its functions. Members of such committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or otherwise serving at the request of the Secretary, may be paid compensation at rates not exceeding

those authorized for individuals under subsection (e) of this section, and while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently."

#### INCREASED FEES FOR CONSULTANT SERVICES

SEC. 906. Section 7(e) of the Department of Housing and Urban Development Act is amended by striking out everything after the word "rates" and inserting in lieu thereof the following: "for individuals not to exceed the per diem equivalent to the highest rate for grade GS-18 of the General Schedule under section 5332 of title 5, United States Code."

#### SAVINGS AND LOAN ASSOCIATIONS

SEC. 907. (a) Section 12(b) of the Federal Home Loan Bank Act (12 U.S.C. 1432(b)) is amended by adding at the end a new sentence as follows: "This authority extends to the acquisition, holding, and disposition of loans, or interests therein, having the benefit of any guaranty under section 221 or 222 of the Foreign Assistance Act of 1961, as amended by section 105 of the Foreign Assistance Act of 1969 or as hereafter amended or extended, or of any commitment or agreement for any such guaranty."

(b) Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by inserting after the period following "section 224 of such Act, or any commitment or agreement with respect to such loans, or interests therein, made pursuant to either of such sections" a new sentence as follows: "This authority extends to the acquisition, holding, and disposition of loans, or interests therein, having the benefit of any guaranty under section 221 or 222 of the Foreign Assistance Act of 1961, as amended by section 105 of the Foreign Assistance Act of 1969 or as hereafter amended or extended, or of any commitment or agreement for any such guaranty."

(c) The first sentence of section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking out "15" and inserting in lieu thereof "20".

#### FINANCIAL INSTITUTIONS SUPERVISORY ACT OF 1966

SEC. 908. Title IV of the Financial Institutions Supervisory Act of 1966 (80 Stat. 1056) is repealed.

#### INTERSTATE LAND SALES FULL DISCLOSURE ACT

SEC. 909. Section 1406(5) of the Interstate Land Sales Full Disclosure Act is amended by inserting after the first comma the following: "the existence of any unusual conditions relating to noise or safety which affect the subdivision and are known to the developer,".

#### ELIGIBILITY OF AMERICAN SAMOA BANKS FOR FEDERAL DEPOSIT INSURANCE

SEC. 910. (a) Subsection (a) of section 3 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813 (a)), is further amended

by inserting the words "American Samoa," after the word "Guam," each place it appears therein.

(b) Subsection (d) of section 3 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(d)), is further amended by inserting the words "American Samoa," after the word "Guam,".

(c) Subsection (e) of section 3 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(e)), is further amended by inserting the words "American Samoa," after the word "Guam,".

(d) Paragraph (5) of subsection (l) of section 3 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(l)(5)), is further amended by inserting the words "American Samoa," after the word "Guam,".

(e) Subsection (m) of section 3 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(m)), is further amended by inserting the words "of American Samoa," after the word "Guam,".

(f) Subsection (o) of section 3 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(o)), is further amended by inserting the words "American Samoa," after the word "Guam,".

(g) Paragraph (4) of subsection (a) of section 7 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1817(a)(4)), is further amended by inserting the words "American Samoa," after the word "Guam,".

(h) Subparagraph (B) of paragraph (5) of subsection (b) of section 7 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1817(b)(5)(B)), is further amended by inserting the words "American Samoa," after the word "Guam,".

#### SURETY BOND GUARANTEES

SEC. 911. (a) Title IV of the Small Business Investment Act of 1958 is amended—

(1) by striking out the title heading and inserting in lieu thereof the following:

#### "TITLE IV—GUARANTEES

#### "PART A—LEASE GUARANTEES";

(2) by striking out "this title", wherever it appears in sections 401 and 402, and inserting in lieu thereof "this part";

(3) by amending section 403 thereof to read as follows:

"SEC. 403. There is hereby established a revolving fund for use by the Administration in carrying out the provisions of this part and part B of this title. Initial capital for such fund shall consist of not to exceed \$10,000,000 transferred from the fund established under section 4(c) of the Small Business Act: Provided, That the last sentence of such section 4(c) shall not apply to any amounts so transferred. Into the fund established by this section there shall be deposited all receipts from the guarantee programs authorized by this title. Moneys in such fund not needed for the payment of current operating expenses or for the payment of claims arising under such programs may be invested in bonds or other obligations of, or bonds or other obliga-

tions guaranteed as to principal and interest by, the United States; except that moneys provided as initial capital for such fund shall not be so invested but shall be returned to the fund established by section 4(c) of the Small Business Act, in such amounts and at such times as the Administration determines to be appropriate, whenever the level of the fund herein established is sufficiently high to permit the return of such moneys without danger to the solvency of the programs under this title. The Administration shall pay into miscellaneous receipts of the Treasury, as of the close of each fiscal year, interest on the net outstanding disbursements of the initial capital from the fund, at rates determined by the Secretary of the Treasury, taking into consideration the average yield on outstanding long-term, interest-bearing marketable public debt obligations of the United States as of the month of June preceding such fiscal year.”; and

(4) by adding at the end thereof the following:

## “PART B—SURETY BOND GUARANTEES

### “DEFINITIONS

“SEC. 410. As used in this part—

“(1) The term ‘bid bond’ means a bond conditioned upon the bidder on a contract entering into the contract, if he receives the award thereof, and furnishing the prescribed payment bond and performance bond.

“(2) The term ‘payment bond’ means a bond conditioned upon the payment by the principal of money to persons under contract with him.

“(3) The term ‘performance bond’ means a bond conditioned upon the completion by the principal of a contract in accordance with its terms.

“(4) The term ‘surety’ means the person who (A) under the terms of a bid bond, undertakes to pay a sum of money to the obligee in the event the principal breaches the conditions of the bond, (B) under the terms of a performance bond, undertakes to incur the cost of fulfilling the terms of a contract in the event the principal breaches the conditions of the contract, or (C) under the terms of a payment bond, undertakes to make payment to all persons supplying labor and material in the prosecution of the work provided for in the contract if he principal fails to make prompt payment.

“(5) The term ‘obligee’ means (A) in the case of a bid bond, the person requesting bids for the performance of a contract, or (B) in the case of a payment bond or performance bond, the person who has contracted with a principal for the completion of the contract and to whom the obligation of the surety runs in the event of a breach by the principal of the conditions of a payment bond or performance bond.

“(6) The term ‘principal’ means (A) in the case of a bid bond, a person bidding for the award of a contract, or (B) the person primarily liable to complete a contract for the obligee, or to make payments to other persons in respect of such contract, and for whose performance of his obligation the surety is bound under the terms of a pay-

ment or performance bond. A principal may be a prime contractor or a subcontractor.

"(7) The term 'prime contractor' means the person with whom the obligee has contracted to perform the contract.

"(8) The term 'subcontractor' means a person who has contracted with a prime contractor or with another subcontractor to perform a contract.

#### "AUTHORITY OF THE ADMINISTRATION

"SEC. 411. (a) The Administration, may, in consultation with the Secretary of Housing and Urban Development and upon such terms and conditions as it may prescribe, guarantee and enter into commitments to guarantee any surety against loss, as hereinafter provided, as the result of the breach of the terms of a bid bond, payment bond, or performance bond by a principal on any contract up to \$500,000 in amount, subject to the following conditions:

"(1) The person who would be the principal of the bond is a small business concern.

"(2) The bond is required in order for such person to bid on a contract, or to serve as a prime contractor or subcontractor thereon.

"(3) Such person is not able to obtain such bond on reasonable terms and conditions without a guarantee under this section.

"(4) The Administration determines that there is a reasonable expectation that such person will perform the covenants and conditions of the contract with respect to which the bond is required.

"(5) The contract meets requirements established by the Administration for feasibility of successful completion and reasonableness of cost.

"(6) The terms and conditions of any bond guaranteed under the authority of this part are reasonable in light of the risks involved and the extent of the surety's participation.

"(b) Any contract of guarantee under this section shall obligate the Administration to pay to the surety a sum not to exceed 90 per centum of the loss incurred by the surety in fulfilling the terms of his contract as the result of the breach by the principal of the terms of a bid bond, performance bond, or payment bond.

"(c) The Administration shall fix a uniform annual fee which it deems reasonable and necessary for any guarantee issued under this section, to be payable at such time and under such conditions as may be determined by the Administration. Such fee shall be subject to periodic review in order that the lowest fee that experience under the program shows to be justified will be placed into effect. The Administration shall also fix such uniform fees for the processing of applications for guarantees under this section as it determines are reasonable and necessary to pay administrative expenses incurred in connection therewith. Any contract of guarantee under this section shall obligate the surety to pay the Administration such portions of the bond fee as the Administration determines to be reasonable in the light of the relative risks and costs involved.

"(d) The provisions of section 402 shall apply in the administration of this section."

(b)(1) The Secretary of Housing and Urban Development is authorized to take such steps and carry out such activities as he deter-

mines to be necessary or desirable to provide, either directly or by contract or other arrangement, technical assistance to any contractor or subcontractor for whom a bid, payment, or performance bond is guaranteed under part B of Title IV of the Small Business Investment Act of 1958 in connection with any construction contract, in order to assist such contractor or subcontractor in obtaining or carrying out such contract.

(2) There are authorized to be appropriated for each of the first three fiscal years ending after the date of the enactment of this Act such sums, not to exceed \$1,500,000, as may be necessary to enable the Secretary to carry out his functions under paragraph (1).

#### EQUITY SKIMMING

SEC. 912. Whoever, with intent to defraud, willfully engages in a pattern or practice of—

(1) purchasing one- to four-family dwellings which are subject to a loan in default at time of purchase or in default within one year subsequent to the purchase and the loan is secured by a mortgage or deed of trust insured or held by the Secretary of Housing and Urban Development or guaranteed by the Veterans' Administration, or the loan is made by the Veterans' Administration,

(2) failing to make payments under the mortgage or deed of trust as the payments become due, and

(3) applying or authorizing the application of rents from such dwellings for his own use,

shall be fined not more than \$5,000 or imprisoned not more than three years, or both. This section shall apply to a purchaser of such a dwelling, or a beneficial owner under any business organization or trust purchasing such dwelling, or to an officer, director, or agent of any such purchaser. Nothing in this section shall apply to the purchaser of only one such dwelling.

#### REGULATION OF SAVINGS AND LOAN ASSOCIATIONS IN THE DISTRICT OF COLUMBIA

SEC. 913. The Home Owners' Loan Act of 1933 is amended by adding immediately after section 7 the following new section:

"SEC. 8. (a) Without regard to any provision of law other than this section, and without limitation on any other power or function now or hereafter vested in or exercisable by the Federal Home Loan Bank Board by or under this Act or otherwise, the Board shall, with respect to all incorporated or unincorporated building, building or loan, building and loan, or homestead associations, and similar institutions, of or transacting or doing business in the District of Columbia, or maintaining any office in the District of Columbia (other than Federal savings and loan associations), have the same powers and functions as to examination, operation, and regulation as are now or hereafter vested in or exercisable by it with respect to Federal savings and loan associations by or under section 5 of this Act or otherwise, and all of the provisions of subsection (d) of section 5 of this Act as now or hereafter in force shall be applicable with respect to such associations or institutions.

"(b) Any such association or institution incorporated under the laws of, or organized in, the District of Columbia shall have in addition to any existing statutory authority such statutory authority as is from time to time vested in Federal savings and loan associations.

"(c) Charters, certificates of incorporation, articles of incorporation, constitutions, bylaws, or other organic documents of associations or institutions referred to in subsection (b) of this section may, without regard to anything contained therein or otherwise, hereafter be amended in such manner and to such extent and upon such vote or votes if any as the Federal Home Loan Bank Board may by regulation or otherwise provide.

"(d) Nothing herein shall cause, or permit the Federal Home Loan Bank Board to cause, District of Columbia associations to be or become Federal savings and loan associations, or require the Board to impose on District of Columbia associations the same regulations as are imposed on Federal savings and loan associations."

#### MATURITY OF CERTAIN HOME LOAN BANK ADVANCES TO SAVINGS AND LOAN ASSOCIATIONS

SEC. 914. Section 11(g) of the Federal Home Loan Bank Act is amended by striking out "one year" each place it appears and inserting in lieu thereof "five years".

#### CRIMINAL PENALTY FOR FRAUD OR FALSE STATEMENTS TO INFLUENCE CERTAIN INSURED INSTITUTIONS AND FEDERAL AGENCIES

SEC. 915. Section 1014 of title 18 of the United States Code is amended by striking out "or an insured State-chartered credit union" and inserting in lieu thereof "an insured State-chartered credit union, any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, any bank the deposits of which are insured by the Federal Deposit Insurance Corporation, any member of the Federal Home Loan Bank System, the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the Administrator of the National Credit Union Administration".

#### UNPLEDGED DEPOSITS IN BANK FOR SAVINGS AND LOAN ASSOCIATIONS, CHICAGO, ILLINOIS

SEC. 916. Unpledged deposits in the Bank For Savings and Loan Associations, Chicago, Illinois, maintained by any institution which is a member of a Federal Home Loan Bank or is an insured institution as defined in section 401 (a) of the National Housing Act, shall be considered assets for purposes of meeting the liquidity requirements of section 5A(b) of the Federal Home Loan Bank Act (12 U.S.C. 1425a(b)).

#### INFORMATION AND ADVICE TO NONPROFIT PROJECTS SPONSORS

SEC. 917. Section 4 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsection:

"(d) There shall be in the Department an Assistant to the Secretary, designated by the Secretary, who shall be responsible for pro-

viding information and advice to nonprofit organizations desiring to sponsor housing projects assisted under programs administered by the Department."

#### ANNUAL REPORT ON PROGRAM ADMINISTRATION AND MANAGEMENT

SEC. 918. Section 5 of the Housing and Urban Development Act of 1968 is amended by striking out "in the calendar year 1969 and in the calendar year 1970" and inserting in lieu thereof "in each calendar year".

#### DISPOSITION OF SURPLUS LAND FOR LOW AND MODERATE INCOME HOUSING AND RELATED FACILITIES

SEC. 919. (a) Section 414(a) of the Housing and Urban Development Act of 1969 is amended—

(1) by striking out "rental or cooperative" in the first sentence;

(2) by striking out the period at the end of the first sentence and inserting after "income" the following: ", and for related public facilities and for related commercial and industrial facilities approved by the Secretary."; and

(3) by inserting "235 or" between "section" and "236" in clause (C).

(b) Section 414(b) of such Act is amended—

(1) by striking out "rental or cooperative" in the first sentence;

(2) by inserting "and related facilities" between "housing" and "to" in the first sentence;

(3) by inserting "and the Administrator of General Services" after "Secretary" in the second sentence, and by striking out "has" before "approved" in the second sentence and inserting in lieu thereof "have"; and

(4) by inserting "and the Committees on Government Operations" after "Currency" in the third sentence, and by striking out "he approves" in the third sentence and inserting in lieu thereof "he and the Administrator of General Services approve".

#### SAVINGS AND LOAN HOLDING COMPANIES

SEC. 920. Section 408(d) (4) (B) of the Savings and Loan Holding Company Amendments of 1967 is amended by inserting before the semicolon at the end thereof the following: ": Provided, however, That with the prior written approval of the Corporation, a subsidiary insured institution may make a loan, discount, or extension of credit to a third party on the security of property acquired from a wholly owned affiliate service corporation. The Corporation shall grant approval of any application for approval under this subdivision if, in the opinion of the Corporation, such a loan, discount, or extension of credit would not be detrimental to the interests of savings account holders in the insured institution, or to the insurance risk of the Corporation with respect to such institution, and would not be a means of facilitating the sale of (1) property purchased from any savings and loan holding company or any affiliate thereof other than such service

corporation, or (2) property heretofore owned, legally or beneficially, by any savings and loan holding company or affiliate thereof”.

TIMBER FOR HOUSING NEEDS

SEC. 921. Section 2(a) of the Act of April 12, 1926, as amended (16 U.S.C. 617(a)), is amended by striking out “1971” and inserting in lieu thereof “1973”.

And the Senate agree to the same.

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THOMAS L. ASHLEY,  
WILLIAM B. WIDNALL,  
FLORENCE P. DWYER,  
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*Managers on the Part of the House.*

JOHN SPARKMAN,  
WILLIAM PROXMIRE,  
HARRISON WILLIAMS,  
EDMUND S. MUSKIE,  
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JOHN TOWER,  
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*Managers on the Part of the Senate.*

## STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 19436) to provide for the establishment of a national urban growth policy, to encourage and support the proper growth and development of our States, metropolitan areas, cities, counties, and towns with emphasis upon new community and inner city development, to extend and amend laws relating to housing and urban development, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for minor and nonsubstantive provisions, and technical, clarifying, and conforming changes, the following statement explains the differences between the House bill and the substitute agreed to in conference.

### TITLE I—MORTGAGE CREDIT

#### AUTHORIZATIONS FOR SECTIONS 235 AND 236 INTEREST SUBSIDY PROGRAMS

The Senate amendment provided \$80 million in additional contract authority for each of the sections 235 and 236 interest subsidy programs in fiscal year 1972. The House bill provided additional contract authority of \$15 million for each of the programs in fiscal year 1972. The conference substitute provides an additional \$30 million for each of these programs in fiscal year 1972.

#### RECAPTURE OF CONTRACT AUTHORITY UNDER SECTIONS 235 AND 236

The Senate amendment contained a provision not in the House bill clarifying the authority of the Secretary of Housing and Urban Development to recapture contract authority under the sections 235 and 236 programs which would otherwise expire whenever an assistance contract is terminated. The conference substitute contains the Senate provision.

#### COMPENSATION FOR DEFECTS IN SECTION 235 EXISTING HOUSING

The Senate amendment contained a provision not in the House bill authorizing the HUD Secretary to make expenditures to correct, or to compensate the owner for, latent or structural defects in an existing dwelling if (1) the owner requests the Secretary's assistance not later than one year after insurance of the mortgage, and (2) the defect is one that a competent appraiser could reasonably be expected

to recognize. The conference substitute contains a similar provision with the following substantive modifications: first, the provision would be applicable to all purchasers of section 235 existing homes insured since the inception of the program, and second, the HUD Secretary would be authorized to require the seller of a section 235 existing home to agree to reimburse him for any payments made under this section with respect to such a dwelling.

#### REHABILITATION UNDER SECTION 235 PROGRAM

The Senate amendment contained a provision not in the House bill providing that at least 10 percent of the total amount of contracts for section 235 assistance payments authorized beginning in fiscal year 1972 shall be available for use only with respect to rehabilitated dwellings. The conference substitute contains this Senate provision.

#### MORTGAGES FOR CIVILIAN PERSONNEL AT MILITARY INSTALLATIONS

The Senate amendment contained a provision not in the House bill authorizing HUD under the section 809 mortgage insurance program for civilian employees at military installations to insure mortgages for civilian research employees who are involved in more than one mortgage transaction under the program. The conference substitute contains this Senate provision.

#### FHA MOBILE HOME LOANS

The Senate amendment contained a provision not in the House bill providing that when a mobile unit is composed of two or more modules, the maximum insurable mobile home loan under the FHA title I loan program may be \$15,000 (instead of \$10,000) and the maximum term may be 15 years, 32 days (instead of 12 years, 32 days). The conference substitute contains this Senate provision.

#### USE OF CERTAIN HOUSING FACILITIES FOR CLASSROOM PURPOSES

The Senate amendment contained a provision authorizing the use of available facilities in existing section 221(d)(3) and section 236 rental assistance projects for classroom purposes where public schools are overcrowded partly as a result of the project. The House bill contained a similar provision, but did not limit such use to existing projects. The conference substitute contains the Senate provision.

#### INCREASES IN CERTAIN FHA MORTGAGE CEILINGS

The House bill contained a provision not in the Senate amendment permitting the HUD Secretary, in addition to his existing authority to raise section 221(d)(3) per unit cost limits by up to 45 percent in areas where cost levels so require, to further raise these increased limits by up to 20 percent in areas where he finds necessary to meet increased construction costs. The conference report contains no such provision.

#### LIMITATION ON ELIGIBILITY FOR SECTION 235 ASSISTANCE PAYMENTS

The House bill contained a provision not in the Senate amendment prohibiting the making of homeownership assistance payments on behalf of any family eligible for section 203(b) mortgage insurance in an amount equal to or exceeding the median mortgage insured under section 203(b) in the area where the property is located, during the most recent 3-month period for which information is available, if the HUD Secretary finds that there is adequate housing within that price range available in the area which meets the standards applicable to new or rehabilitated housing with respect to which assistance payments may be made under section 235. The conference substitute contains no such provision. The conferees deleted the House provision because, as a practical matter, the limitation would have made it difficult, if not impossible, to build needed new housing units in many areas of the country, and that it would have created serious administrative problems and inequities among families otherwise eligible to participate in the section 235 program. The conferees understand that the Department of Housing and Urban Development is dealing with the problem the House provision attempted to correct by administratively excluding from section 235 assistance any family who can afford to buy the particular home without subsidy. The conferees urge the Department to take all further necessary steps to assure that the benefits of the section 235 program are limited to families which cannot afford to obtain decent homes without subsidy.

#### ASSISTANCE UNDER SECTION 236 AND RENT SUPPLEMENT PROGRAMS FOR EXISTING PROJECTS FINANCED UNDER STATE OR LOCAL PROGRAMS

The House bill contained a provision not in the Senate amendment authorizing the use of section 236 rental assistance payments and rent supplement payments with respect to rental or cooperative housing projects financed under State or local programs, without regard to the time at which construction or rehabilitation of the project is completed. The conference substitute contains the House provision. The benefits of this provision should be made available only with respect to existing projects where the recent record-high interest rate levels have forced such projects to remain in temporary financing, and consequently endanger the low- and moderate-income character of the projects.

#### PLANNING REQUIREMENTS WITH RESPECT TO MORTGAGE INSURANCE FOR LAND DEVELOPMENT

The House bill contained a provision not in the Senate amendment providing that land development projects assisted under the title X mortgage insurance for land development program be required to be consistent with comprehensive planning in the area of the project only if such a comprehensive plan exists in the area. The conference substitute contains a provision permitting approval of projects under the title X program where no comprehensive plan exists for a period of 1 year after the date of enactment of the Housing and Urban Development Act of 1970.

## SECTION 235 ASSISTANCE FOR THREE-UNIT DWELLINGS

The House bill contained a provision not in the Senate amendment making 3-family owner-occupied buildings eligible for section 235 homeownership assistance. The conference substitute contains no such provision.

TITLE II—RENEWAL OF HOUSING ASSISTANCE PROGRAM  
PUBLIC HOUSING ANNUAL CONTRIBUTIONS

The Senate amendment increased public housing contract authority by \$150 million in fiscal year 1971 and by \$275 million in fiscal year 1972. In addition, the Senate report accompanying S. 4368, provided that of the additional \$150 million provided in fiscal year 1971, it was the Committee's intention that \$75 million be used exclusively for payment of operating and maintenance expenses authorized to be paid under section 204 of the Senate amendment. The House bill authorized an additional \$150 million in fiscal year 1971 and \$175 million in fiscal year 1972. The conference substitute authorizes an additional \$150 million in fiscal year 1971 and \$225 million in fiscal year 1972. The conferees intend that of the \$150 million authorized in fiscal year 1971, \$75 million be used exclusively for operating and maintenance expenses authorized by section 210 of the conference substitute.

TERM AND RENEWAL OF CONTRACTS FOR LOW RENT  
HOUSING IN PRIVATE ACCOMMODATIONS

The Senate amendment extended the initial term of leases and renewal periods under the section 23 public housing leasing program from 5 to 10 years. The House bill extended from 5 to 10 years the maximum term of such leases, but provided that the total term of a lease and all renewals was limited to 15 years. The conference substitute contains a provision which (1) extends, from a maximum of 5 years to 10 years, the initial lease term on an existing structure, and permits renewals which could result in a total term of not more than 15 years; and (2) extends, from a maximum of 5 years to 10 years, the initial lease term on a newly built dwelling, and permits renewals which could result in a total term of not more than 20 years.

## CONGREGATE HOUSING FOR THE DISPLACED, ELDERLY, AND HANDICAPPED

The Senate amendment directed the HUD Secretary to encourage the provision of public housing projects with common dining facilities for the elderly. The House bill contained a provision expressly including within the meaning of the term "low rent housing" dormitory-type dwelling accommodations to be occupied by displaced, elderly, or handicapped persons of low income, which may contain community kitchens, common dining areas, and other shared facilities. The conference substitute contains the Senate provision, with amendments making clear that congregate housing is to be encouraged for occupancy by the displaced and handicapped, as well as the elderly, and providing that not more than 10 percent of the total

number of dwelling units for which contracts for annual contributions are entered into in any fiscal year shall be units in congregate housing.

#### PUBLIC HOUSING RENT REQUIREMENTS

The Senate amendment contained a provision not in the House bill providing a statutory definition of income for the purpose of establishing maximum rentals in public housing projects at one-fourth of tenant income. The conference substitute contains the Senate provision, amended as follows: family income would include all monies received by each member of the family in the household who is at least 18 years of age, less (1) income which is determined by the HUD Secretary to be nonrecurring, and the income of full-time students, (2) an amount equal to the sum of \$300 for each dependent, \$300 for each secondary wage earner, 5 percent of the family's gross income (10 percent in the case of elderly families), and extraordinary medical expenses, and (3) further deductions as may be allowed by the HUD Secretary in recognition of unusual circumstances.

#### PUBLIC HOUSING COST LIMITS

The Senate amendment contained a provision not in the House bill authorizing the HUD Secretary to determine periodically, and to publish in the *Federal Register*, prototype construction costs for each area based on prevailing cost factors, with the development cost of any project not exceeding by more than 10 percent the appropriate prototype cost for the area. The House bill authorized the HUD Secretary, in areas where he finds it necessary in order to meet increased construction costs, to increase by up to 20 percent, the public housing dwelling unit cost limitations. The conference substitute contains the Senate provision.

#### AMENDMENT OF CONTRACTS TO ASSURE LOW RENT CHARACTER OF PROJECTS

The Senate amendment contained a provision not in the House bill directing the HUD Secretary to amend annual contributions contracts with public housing agencies to provide annual contributions to achieve and maintain adequate operating and maintenance services. The conference substitute contains a provision clarifying the use of annual contributions to maintain adequate operating and maintenance services.

The Housing and Urban Development Act of 1969 clarified the authority of the Secretary to make annual contributions which exceed debt service requirements. This Congressional directive for a significant change in the traditional subsidy level in public housing was in response to the rapidly rising operating costs and the inability of many local agencies to insure the low-rent character of their projects and still generate enough rental income to meet expenses. In addition, increased subsidy was authorized for the purpose of improving the maintenance services and the living environment in public housing projects. However, HUD has administered this authority in restrictive fashion without adequate attention to this latter purpose.

The substitute would authorize the HUD Secretary to amend or supersede contracts to make annual contributions in an amount not exceeding the statutory maximum set by sections 10 and 14 of the 1937 Act which the Secretary determines are required (1) to assure the low-rent character of the projects involved and (2) to achieve and maintain adequate operating and maintenance services and reserve funds including payment of outstanding debts.

It would permit the Secretary to assure the low-rent character of public housing and assist local housing authorities in achieving and maintaining adequate operating and maintenance services and reserve funds by paying as annual contributions the difference between their annual expenses and income. Among the operating and maintenance services for which Federal subsidies could be provided are those set forth in section 2(6) of the United States Housing Act, as amended by this act, as well as the following: tenant counseling on family budgets and on care and upkeep of property; guard and other costs relating to the physical security of project residents; tenant access to available community services relating to employment; health, welfare, education, and personal counseling; effective management-tenant liaison including tenant participation in all aspects of housing administration, management, and maintenance; recreational equipment and facilities; and adequate and timely repairs to structures, including the removal of any code violations.

The purpose of additional annual contributions is to provide local housing authorities with additional resources, not available to them from existing revenue sources, to improve immediately their fiscal situation and the deteriorated condition of their properties, while at the same time strengthening their administration and management functions, including activities designed to achieve maximum tenant participation and responsibility, so that they can become fully effective operations.

#### POLICY STATEMENT

The Senate amendment contained a provision not in the House bill setting forth the sense of Congress that no person shall be barred from serving on the Board of Directors or similar governing body of a local public housing agency because of his tenancy in a public housing project. The conference substitute contains the Senate provision.

#### RELOCATION PAYMENTS

The Senate amendment contained a provision authorizing the HUD Secretary to pay to displaced business concerns fixed amounts in lieu of their total certified actual moving expenses, where he determines that it is impractical for a displaced business concern to calculate the amount of such expenses. The conference substitute contains this Senate provision.

#### URBAN RENEWAL PROJECT IN MONROE, WISCONSIN

The Senate amendment contained a provision not in the House bill authorizing as a local grant-in-aid credit to the Tornado Urban Renewal Project in Monroe, Wisconsin, certain expenditures made in connection with the project notwithstanding the date of commencement of the construction involving the expenditures. The conferees

recognize the uniqueness of the Monroe situation, and accordingly the conference substitute contains this Senate provision.

#### SOLID WASTE DISPOSAL DEMONSTRATION PROJECTS

The House bill contained a provision not contained in the Senate amendment authorizing HUD to make grants under the urban renewal program and the title IV new community program to pay the full project cost of constructing solid waste disposal facilities which have value for demonstration purposes. The conference substitute does not contain this House provision.

#### GRANT-IN-AID CREDIT FOR MEDICAL OR EDUCATIONAL INSTITUTIONS

The House bill contained a provision not in the Senate amendment clarifying the authority of the HUD Secretary to permit credit for local grants-in-aid for expenditures by hospital or educational institutions, within 8 years of the authorization of a contract for such assistance in connection with projects for which applications were filed not later than December 24, 1969. The conferees understand that the problem intended to be solved by this provision has been settled administratively, and accordingly the conference substitute does not contain this provision.

### TITLE III—MODEL CITIES AND METROPOLITAN DEVELOPMENT PROGRAMS

#### AUTHORIZATION FOR MODEL CITIES PROGRAM

The Senate amendment authorized additional appropriations of \$162.5 million in fiscal year 1972 for the model cities program, and eliminated the requirement in existing law that administrative expenses be appropriated out of the model cities grant authorization. The House bill authorized an additional \$250 million for the model cities program in fiscal year 1972. The conference substitute authorizes an additional \$200 million in grant authority for model cities for fiscal year 1972 and retains the Senate provision dealing with administrative expenses.

#### TITLE IV—NEW COMMUNITY DEVELOPMENT PROGRAM

The Senate amendment contains provisions not contained in the House bill increasing guarantee authority for new community development projects from \$250 million to \$500 million, extending unused authorizations for supplementary grants through fiscal year 1974, and making guarantees unqualified regardless of fraud by bond holders. The conference substitute contains these Senate provisions.

### TITLE IV—CONSOLIDATION OF OPEN-SPACE LAND PROGRAMS

#### CONSOLIDATION OF OPEN SPACE, URBAN BEAUTIFICATION, AND HISTORIC PRESERVATION PROGRAMS

The Senate amendment contained provisions consolidating the open-space land, urban beautification, and historic preservation programs

into a single program of grants for the acquisition of open-space land in urban areas and the development of open space or other land for open space uses (including historic preservation), authorizing an increase of \$100 million for such programs for fiscal year 1972, and authorizing three-fourths grants to public bodies for the acquisition of interests in open-space land to guide urban growth. The House bill contained similar provisions relating to the consolidation of open-space land programs, except that (1) the authorization for such programs was increased by only \$90 million, and (2) the conversion of open-space land involving historic sites was prohibited unless approved by the Secretary of the Interior. The conference substitute contains the Senate provision with an amendment prohibiting the conversion of open-space land involving historic or architectural purposes without the prior approval of the Secretary of Interior.

With respect to the new program of grants to guide urban growth, the conferees intend to make clear that there is no intent to establish programs of land banking. The provisions adopted in the conference substitute are intended to provide a useful tool to guide urban growth and channel development in a more orderly fashion.

## TITLE V—RESEARCH AND TECHNOLOGY

### CONSOLIDATION OF RESEARCH AND TECHNOLOGY PROGRAMS

The Senate bill consolidates several research authorities under a general authorization that the HUD Secretary undertake such programs of research, studies, testing, and demonstrations relating to missions and programs of the Department as he determines necessary and appropriate, with authorization of such appropriations of funds as may be necessary. The House bill contained similar provisions, including a provision authorizing the HUD Secretary to waive requirements of other acts administered by him with respect to research projects. The conference substitute contains the Senate provisions only.

### EXPERIMENTAL HOUSING ALLOWANCE PROGRAM

The Senate amendment contained a provision not in the House bill authorizing the HUD Secretary to conduct research programs to demonstrate the feasibility of providing low income families with housing allowances in order to assist them in obtaining existing standard rental housing of their choice, with \$15 million authorized annually for a 3-year period. The conference substitute contains the Senate provision with an amendment limiting the demonstration to a 2-year period with an authorization of \$10 million for each year.

### DEMONSTRATIONS WITH RESPECT TO ABANDONED PROPERTIES

The Senate amendment contained a provision not in the House bill authorizing a 2-year demonstration grant program to assist public bodies in testing methods of arresting housing abandonment, with \$25 million authorized for the 2-year period. The conference substitute contains the Senate provision with an amendment authorizing up to \$20 million for the 2-year period.

## TITLE VI—CRIME INSURANCE

## EFFECTIVE DATE OF AVAILABLE FEDERAL CRIME INSURANCE

The Senate amendment contained provisions which would authorize the HUD Secretary to provide direct writing of crime insurance in any State in which such insurance is unavailable or available only at prohibitive costs after August, 1971, or the close of the first full regular session of the State Legislature, whichever is later. The House bill authorized the Secretary to provide crime insurance immediately upon the date of enactment of this Act. The conference substitute contains provisions requiring the Secretary of HUD to conduct a continuing review of the market availability of crime insurance at affordable rates in each of the several States. Upon determining that such insurance is not available, the Secretary would be authorized to provide crime insurance on or after August 1, 1971. The conferees expect that States in which the availability of crime insurance is a serious problem will take the initiative to provide a program of adequate crime insurance prior to August 1, 1971. The conferees urge the Secretary to have this crime insurance program available for immediate implementation on August 1, 1971, where appropriate State action has not been taken.

## BROKER'S COMMISSIONS UNDER THE FAIR PLANS

The House bill contained a provision not in the Senate amendment, prohibiting payments of commissions to agents, brokers, and producers under State FAIR plans at lower rates than those paid for similar business in normal insurance markets. The conference substitute contains no such provision. The conferees recognize the vital need for the use of insurance agents and brokers to insure the success of the Federal Government in the issuance of crime insurance and for the continued operation of the FAIR plans. The conferees believe that the Secretary in making use of agents and brokers in connection with FAIR plans and in this new program of Federal crime insurance should provide that reasonable and adequate commissions be permitted.

## TITLE VII—URBAN GROWTH AND NEW COMMUNITY DEVELOPMENT

The Senate amendment contained provisions not in the House bill setting forth a national urban growth policy, requiring a biennial report on urban growth to be transmitted by the President to the Congress, and establishing a greatly expanded program of guarantees, loans, and grants for new community development. The conference substitute includes the Senate provisions with four amendments, as follows: (1) authority for the HUD Secretary, upon specific authorization by the President and using funds appropriated by the Congress, to plan and carry out new community demonstration projects on Federally-owned lands; (2) authority for the HUD Secretary to make grants to states or local public bodies to provide public services to

residents of new community projects during their initial period of development; (3) authority to guarantee, in the case of a state land development agency, obligations covering up to 100 percent of land value and development costs; and (4) authority for the HUD Secretary to provide grant assistance to developers to plan new community development programs.

#### URBAN MASS TRANSPORTATION

The conferees rejected Senate amendment provisions not contained in the House bill authorizing Department of Transportation grants for indebtedness and operating deficits of local mass transit systems. In passing the Urban Mass Transportation Act of 1970, P.L. 91-453, the Congress directed the Secretary of Transportation to conduct a study of the feasibility of providing Federal assistance to help defray the operating costs of mass transportation companies. This study with its findings and recommendations is required to be submitted to the Congress by October 15, 1971. The conferees urge the Secretary of Transportation to take all necessary steps to expedite action on this study and to complete it as soon as he possibly can, in order that the next Congress have recommendations before it on the feasibility of Federal assistance for operating expenses of mass transit companies.

#### TITLE VIII—FARM HOUSING

##### LOANS AND GRANTS FOR DOMESTIC FARM LABOR HOUSING

The Senate amendment contained provisions providing insured loans and grants to finance housing for domestic farm labor, with the interest rate on insured loans to range from 5 percent down to 1 percent. The House bill contained a similar provision, except that no provision for lower interest rate loans were provided. The conference substitute contains the Senate provisions.

##### RENTAL HOUSING—INCREASED LOAN LIMIT

The Senate amendment contained a provision increasing from \$300,000 to \$1 million the loan limit for the Farmers Home Administration Program for rental housing for the elderly. The House bill contained a similar provision increasing the loan limit to \$500,000. The conference substitute contains a provision increasing the loan limit to \$750,000.

##### USE OF ATTORNEYS IN FMHA PROGRAMS

It is the intent of the conferees that all qualified attorneys be given equal opportunity to participate in providing title and loan closing services required in connection with Farmers Home Administration rural housing loans.

##### HUD MIGRANT FARM HOUSING

The House bill contained a provision not in the Senate amendment authorizing the Secretary of HUD to provide housing for migrant farmworkers, authorizing \$10 million annually for a 3-year period. The conference substitute contains no such provision.

## TITLE IX—MISCELLANEOUS

## AUTHORIZATION FOR TECHNICAL ASSISTANCE

The Senate amendment contained provisions consolidating HUD programs of technical advice and assistance on housing, and authorized financial assistance to low- and moderate-income tenant organizations, in addition to nonprofit sponsors of multifamily housing. It also authorized \$5 million for assistance with respect to self-help programs. The House bill contained similar provisions, but without specific authorization for self-help programs. The conference substitute contains the Senate provisions.

## SEED MONEY LOANS

The Senate amendment contained a provision not in the House bill clarifying the authority of the HUD Secretary to make "seed money" loans to nonprofit organizations developing section 235 sale housing. The conference substitute contains the Senate provision.

## PUBLIC HOUSING TENANT SERVICES

The Senate amendment contained a provision not in the House bill repealing the public housing tenant services grant authority and authorizing such services to be financed out of project income and annual contribution payments. The conference substitute contains the Senate provision.

## CONTRACTOR SURETY BONDS

The House bill contained a provision not in the Senate amendment authorizing the HUD Secretary to provide or guarantee surety bonds for construction contractors or subcontractors in furtherance of the purposes of the Small Business Act or section 3 of the Housing and Urban Development Act of 1968. It also authorized an appropriation of \$3 million to enable HUD to provide technical assistance to such contractors. The conference substitute contains a surety bond provision which is generally similar to the House amendment, but which places the administration of this program within the Small Business Administration. The conference substitute provides for consultation between the Secretary of HUD and the Small Business Administrator in carrying out the provisions of this section. In addition, the conference substitute authorizes \$1.5 million annually for a 3-year period for the HUD Secretary to provide technical assistance to such contractors.

## FEDERAL HOME LOAN BANK BOARD CONFLICT-OF-INTEREST AUTHORITY

The House bill contained a provision not in the Senate amendment clarifying the authority of the Federal Home Loan Bank Board to regulate insured savings and loan associations with respect to situations in which conflicts of interest are likely to appear. No such pro-

vision is contained in the conference substitute. The conferees believe the Home Loan Bank Board has considerable authority to regulate matters regarding conflict-of-interest situations involving savings and loan associations and agree to postpone consideration of additional authority until next year, when appropriate hearings can be held. The conferees further believe that the Board should more vigorously apply its existing authority.

#### CRIMINAL PENALTIES FOR FRAUD

The House bill contained a provision not in the Senate amendment providing criminal penalties for making false statements or reports in connection with loans or other similar transactions involving an insured savings and loan association. The conference substitute contains the House provision with an amendment applying the same penalties to financial institutions insured by the Federal Deposit Insurance Corporation and credit unions insured by the National Credit Union Share Insurance Fund.

#### DISPOSITION OF SURPLUS LAND

The conference substitute contains a provision in the House bill broadening the uses of surplus land disposed of by the General Services Administration to the HUD Secretary to include sales (as well as rental) housing, and related public, commercial, or industrial facilities. The conferees intend that surplus land disposed of for industrial or commercial use should be closely related and integral to the provision of housing for which land is being made available under this section.

#### PROHIBITION AGAINST USING NONSTATUTORY FACTORS IN CONSIDERING APPLICATIONS FOR HUD ASSISTANCE

The House bill contained a provision not in the Senate amendment providing that in making a determination to approve or disapprove or confer a particular status upon any application for a loan, grant, or other assistance under any program administered by the Department of HUD, no consideration could be given to any factor or circumstance other than those contained in the statutes. The conference substitute contains no such provision.

#### TIMBER FOR HOUSING NEEDS

The conferees note that in the administration of export limitations under section 2(a) of the Act of April 12, 1926, as amended, the Forest Service has allocated export exemption quotas in such a way as to impose an undue burden on domestic lumber manufacturing concerns in certain geographic areas. To correct any inequity, the conferees recommend that the 350 million board feet exemption under the provision in the House bill be allocated, insofar as practical, in proportion to the normal sales programs for those Federal timber lands which have been designated to provide exemption quota volumes.

## FDIC INSURANCE FOR BANKS IN AMERICAN SAMOA

The Senate amendment contained a provision not in the House bill authorizing the Federal Deposit Insurance Corporation to provide deposit insurance for banks in American Samoa. The conference substitute retains the Senate provision.

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